

This Small, Hypergrowth IPO Stock Could be the Next Square

By Luke Lango September 1, 2020

We're all looking for the next big thing.

The next Amazon... the next Facebook... the next Apple...

And the best place to look for up-and-coming stocks with "next big thing" potential is in the IPO market, where you – for the most part – have a bunch of *vision-driven, early-stage, hypergrowth* companies trying to change the way the world works.

So... two weeks ago... we told you about a brand-new IPO stock named BigCommerce that we said was positioned to be the *next Shopify*.

Since then, BigCommerce stock has more than doubled.

Needless to say, that stock is well on its way to turning into a "next big thing".

But that's just one IPO stock... *in a sea of hundreds*... all of whom are gunning to change the world.

Surely, in that sea, there are more investment opportunities than just the next Shopify?

What about the next Square?

That's right. We've uncovered a small-cap, freshly public payments technology company that has all the ingredients necessary to turn into the next Square – which is a pretty compelling investment thesis since Square stock is up 1,200% over the past four years.

In today's edition of *The Daily 10X*, we will tell you all about this small, hypergrowth company, and explain why the stock could follow in Square's explosive footsteps.

A Disruptive FinTech Company with Breakthrough Solutions in Omnichannel & Contactless Payments

For a moment, imagine a technology company... that has created a robust, end-to-end payments ecosystem... which enables merchants and retailers to securely accept and process non-cash payments of all sorts... and which includes a suite of value-add software services like business intelligence.

Sounds exactly like Square, right?

It does.

But it's also the business model of a much smaller payments technology company by the name of Shift4 Payments (FOUR), which just made a splashy debut on Wall Street via a hugely successfully IPO in early June.

For all intents and purposes, Shift4 Payments is Square - a big growth payments tech company that's increasingly turning into mission-critical software for merchants and retailers as cash becomes antiquated and non-cash payments become ubiquitous.

It should be no surprise, then, that Shift4 processed over 3.5 billion transactions for over 200,000 businesses in 2019.

But... there are *two critical features* which differentiate Shift4 from Square, and which could supercharge the Shift4 growth narrative over the next 5 to 10 years.

First, Shift4 is omni-channel.

Square does have the market's best and brightest physical payments solutions. But the company's online presence is minimal. Shift4, meanwhile, is all about creating *an omni-channel payments ecosystem* that connects offline shopping with online shopping, so that merchants that do business across multiple channels can be covered with one streamlined solution.

Omni-channel is the future of shopping, so Shift4's leadership in omni-channel payments processing is a huge competitive advantage.

Second, Shift4 has QR code payments.

It's a novel, breakthrough technology which enables consumers to order and pay their bill at restaurants and retail shops by simply scanning a QR code with their phones. No waiters. No sales associates. Just a phone and a payment method.

Considering the current environment, contactless payment methods that simultaneously reduce labor costs are the future - and Shift4 has a leading solution for this future.

Thanks to these two critical advantages, *Shift4 is optimally positioned to gain share in the secular growth non-cash payments processing market* over the next several years.

As the company does, Shift4 stock will soar.

By how much?

Several hundred percent.

At what will likely be \$24 billion in gross merchandise volume (GMV) in 2020, Shift4 will control about 0.1% of the global retail sales market. Square, on the other hand, projects to own about 0.5% of the market in 2020.

It's reasonable to think that, as Shift4 leans into contactless and omni-channel payments processing, the company grows to Square-like 0.5% market share by 2030.

Assuming so, Shift4 could grow GMV by nearly 10X to \$200+ BILLION.

We know – given Square and PayPal's history of margin expansion – that payments processing is a *highly scalable business model*, so Shift4's margins will expand dramatically over the next several years with scale.

As such, adjusted EBITDA – which sat at ~\$100 million last year – will soar by much more than 10X, and potentially as much as 15X towards \$1.5 billion.

Making reasonable assumptions about interest and taxes, that should flow into about \$800 million in net profits... which, after a payments sector-average 25X multiple, implies a \$20 BILLION valuation for Shift4 one day...

The company's market cap today is \$4 billion.

And that math assumes just 0.5% market share at scale... an assumption which, given current accelerating trends in omni-channel and contactless payments, could prove conservative.

So... if you're looking for the next Square to supercharge your portfolio... look no further. Shift4 stock is your answer.

Key Company Details

Company Name	Shift4 Payments, Inc.
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Ticker Symbol	FOUR
Share Price	\$51.34
Current Market Value	\$4 Billion
Annual Revenue	\$737 Million
Catalyst	Financial Technology Revolution

The Semiconductor Boom of the 2020s Will Send This Small Stock Soaring

By Luke Lango September 2, 2020

What do self-driving cars, 5G, and artificial intelligence all have in common?

Besides being three breakthrough technologies that are going to fundamentally change everything about society over the next decade, they are all built using semiconductor chips.

That's no surprise. Pretty much *every* modern technology to-date has been built with semiconductor chips. The internet. Computers. Smartphones. Gaming consoles.

The same will be true for the next era of world-changing technologies.

In this sense, semiconductors are the "picks and shovels" of the 2020s next-generation technology gold rush.

Longtime readers know exactly what this means. Back during the California Gold Rush, very few gold miners struck it rich. But the Gold Rush suppliers – the guys who sold things like picks and shovels which allowed the gold miners to mine – became fabulously wealthy.

In the 2020s, we will get a 21st Century version of the California Gold Rush. But not a rush for gold – a rush for self-driving, 5G, and AI tech. And not in California – but all across the world.

Just like they did back in the 1800s, the “picks and shovels” suppliers of this gold rush will boom.

In today’s edition of *The Daily 10X*, we will show you how to play this technology gold rush. In true Daily 10X fashion, it’s by buying a small-cap semiconductor company with enormous upside potential over the next decade.

An Overlooked Specialty Equipment Supplier with Huge Upside

The global semiconductor market is on the cusp of breakthrough growth.

Global semiconductor sales are expected to rise by nearly 80% into 2025. For reference, sales have risen just 25% since 2015.

China will be at the epicenter of this breakthrough growth, mostly because the country’s enormous 1.4 billion population is rapidly urbanizing, which is sparking equally enormous demand growth for all-things-semiconductor in China.

With that in mind, I’d like you to meet ACM Research (ACMR).

ACM Research is a small, \$1.6 billion specialty semiconductor capital equipment supplier with a hyper-focus on supplying China’s biggest and fastest growing semiconductor manufacturers.

Breaking that down, ACM Research builds what is called “wafer wet cleaning” equipment.

In essence, wafer fabrication – which is the process by which companies make wafers, or thin slices of semiconductors – is complex, and involves many, many steps. Amid all those steps, random defects emerge on the wafers for various reasons. These defects can cause decreased yield and performance in the finished product.

Insert the cleaning process. Throughout wafer fabrication, semiconductor manufacturers clean the wafer, over and over again, to remove random defects and ensure that the final product is perfect.

ACM Research provides the technology, tools, and equipment which enable this cleaning process – *and they are best in the game at doing so.*

That’s why some of China’s biggest and fastest growing semiconductor companies are ACM Research customers – like YMTC (China’s leader in flash memory) and SK

Hynix (a Chinese memory giant that has reported 160% revenue growth since 2012).

It should be no surprise, then, that ACM Research's revenues rose more than 40% in 2019, and are up another 28% in 2020 (despite the Covid-19 pandemic).

But that's nothing compared to what is coming next...

Breakthroughs in self-driving, 5G, and AI technology over the next three to five years will lead to more advanced semiconductor chips. In semiconductor language, "more advanced" means "smaller". Smaller chips are harder to clean, meaning traditional wet cleaning products cannot do the job of cleaning next-generation wafers.

Fortunately, over the past year, ACM Research has unveiled a line-up of next-generation cleaning products for these next-generation wafers.

These new products – which are built on proprietary technology that allows them to clean even the smallest of wafers – will benefit from *an enormous upgrade cycle* in wafer cleaning equipment over the next several years as smaller, next-gen semiconductor chips become ubiquitous.

As that happens, ACM Research will sustain 20%-plus revenue growth for a lot longer, and ACM Research stock – *which is already up 540% over the past year* – will keep breaking out.

How much higher can this stock go? Well, you're talking about a \$1.6 billion company that is becoming an increasingly important and necessary part of a soon-to-be \$700 BILLION-plus global semiconductor market.

In other words, the upside potential here is enormous – so big that if you're looking for an explosive way to play the semiconductor boom of the 2020s, then consider taking a position in ACM Research stock today.

Key Company Details

Company Name	ACM Research, Inc.
Ticker Symbol	ACMR
Share Price	\$91.99
Current Market Value	\$1.6 Billion

Annual Revenue \$121 Million
Catalyst 2020s Semiconductor
 Boom

Massive Disruption in the Food Industry Will Power This Small Beverage Stock to Potentially 25X Gains

By Luke Lango September 3, 2020

The food and beverage (F&B) industry is being massively disrupted *right now*.

And investors who get on the right side of this once-in-a-lifetime disruption could score enormous profits over the next several years.

I'm talking, of course, about the healthy eating megatrend.

A trend wherein young consumers are increasingly paying attention to ingredients (*71% read beverage and food labels*)...

Trying to reduce sugar intake (*77% are trying to limit sugars*)...

Going all-organic (*more than 50% are increasing the volume of organic products they buy*)...

And ditching the high-calorie, sugar-loaded carbonated beverages and carb-heavy, pre-processed foods of old.

Now, they're all buying non-GMO, sugar-free, preservative-free, organic quinoa, acai bowls, and kombucha.

Oh... *but they're just kids, you say?*

Well, those kids are growing up, getting jobs, earning salaries, and increasingly turning into the driving force of the U.S. consumer economy.

Combined Millennial and Gen Z purchasing power will total \$3 TRILLION in 2020... and that number is only going up.

As it does, young consumers' preference for healthy eating will flip the entire \$6 trillion food and beverage market on its head...

Allowing for a changing of the guard wherein *new titans of industry will emerge*.

In today's edition of *The Daily 10X*, we will tell you about a small, up-and-coming beverage company that will turn into one of these new titans of the F&B industry, potentially scoring you 25X returns along the way.

Pioneering a Healthy Breakthrough in the \$60 Billion Energy Drink Category

One huge and rapidly growing vertical in the F&B market that is primed for disruption is the energy drink category.

At \$60 billion, the global energy drink market is one of the larger beverage markets in the world. With a 7% compounded annual growth rate, it's also the fastest growing beverage category.

The major players in this space – Red Bull, Monster, and Rockstar – have innovated over the past several years, coming out with new flavors, new packaging, and new marketing...

But they haven't innovated where it matters... *on the healthy eating front*... and for the most part, they all still sell sugar-loaded, not-that-good-for-you energy drinks.

This reality represents an enormous opportunity for Celsius Holdings (CELH), a \$1.7 billion beverage company that is optimally positioned to significantly disrupt the \$60 billion energy drink market with its breakthrough functional healthy energy drink.

Leaning into its proprietary scientific formulation which combines green tea with EGCG, ginger, and guarana seed to catalyze thermogenesis, Celsius has created a portfolio of unique, functional healthy energy drinks that have been proven to energize, accelerate metabolism, and burn body fat and calories... *all at once*.

Plus, the drinks are vegan. Gluten-free. Non-GMO. Contain zero sugar. Zero preservatives. Zero artificial colors or flavors. Zero aspartame.

You know... all the good stuff that young consumers are looking for in a “clean label” these days.

To that end, Celsius has created a *scientifically superior* and *socially more relevant* energy drink which has the potential to turn into the next big thing in this massive category.

Indeed, this is already happening.

Celsius has grown its sales by 337% since 2015... revenues are up another 90% through the first half of 2020... and the company is already the 11th ranked brand in the U.S. energy drink market despite only being in ~10% of potential distribution channels.

A 10X increase in that U.S. distribution – coupled with international expansion, healthy eating mega-tailwinds, and the company’s best-in-breed functional energy drink products – create a clear pathway for Celsius to keep growing revenues at a robust rate for the foreseeable future.

The potential upside in Celsius stock herein is enormous.

Simply consider... Red Bull is a \$20 billion company... Monster is a \$40 billion company...

Could \$1.7 billion Celsius get there one day?

Absolutely.

Here’s the math.

At its current 7% compounded annual growth rate, the \$60 billion global energy drink market is on its way to \$110+ BILLION in revenues by 2030. Current market leaders Monster and Red Bull control about 7.5% and 11.5% of the global market today, respectively.

Given that backdrop, assuming that functional healthy energy drinks turn into the “*thing*” in the energy drink market and that Celsius becomes one of the preferred brands in that hot category, it’s reasonable to think that Celsius – who owns just 0.2% of the market today – could turn into a 2% market share player.

That implies \$2.2 billion in revenues.

Assuming, at scale, Celsius attains Monster’s profitability profile – 60% gross margins and 30% operating margins – then you’re talking \$660 million in operating

profits... which, after interest and taxes, should round out to about *\$500 million in net profits*.

A 30X forward earnings multiple on that – which is what Monster stock has averaged over the past five years – implies a \$15 billion market cap by the end of the decade.

That's up 10X from today's market cap.

But... if you assume that Celsius turns into the “it” brand in the functional healthy energy drink category – and becomes the Monster or Red Bull of healthy energy drinks, if you will – then 5% market share seems totally doable at scale.

The same math as above with 5% market share imputes a potential \$40 BILLION valuation for Celsius in 10 years.

That's up more than 25X from today's market cap.

So... regardless if it's 10X or 25X... Celsius stock has enormous long-term upside potential thanks to the functional healthy energy drink megatrend.

And that's why you may want to take a position in Celsius stock today.

Key Company Details

Company Name	Celsius Holdings, Inc.
Ticker Symbol	CELH
Share Price	\$20.54
Current Market Value	\$1.7 Billion
Annual Revenue	\$103 Million
Catalyst	Healthy Energy Drink Megatrend

A Breakthrough Solution to Save Lives & Money Will Send This Small Stock Soaring

By Luke Lango September 4, 2020

I'm pretty sure we can all agree that saving lives is a good thing, right?

If so, then, saving a *ton* of lives is a *really* good thing – and one way to save a ton of lives is by preventing adverse drug events, or ADEs.

According to the CDC, adverse drug events are “when someone is harmed by a medicine”. This includes both harm caused by the drug (like an overdose) and harm caused from use of the drug (like dose reductions or discontinuations).

Such events may seem rare...

They aren't.

There are 50 million cases of ADEs every year. Those 50 million cases result in 1 million emergency room visits, and more than 150,000 deaths EVERY SINGLE YEAR.

As a matter of fact, ADEs are the third leading cause of death in the United States.

ADEs also exact a huge financial toll, amounting to upwards of \$130 BILLION in financial costs per year.

Clearly, solving the ADE problem is something we need to do... now.

Fortunately, there is one small technology company pioneering a breakthrough solution to prevent ADEs, and save thousands of lives and billions of dollars along the way.

In today's edition of *The Daily 10X*, we will unveil this revolutionary small-cap stock, and show you how it could rise by 400% OR MORE over the next few years.

Leveraging Big Data to Improve Patient Outcomes

Longtime readers will know that we think big data equals big money.

Follow the data. Find the money. Facebook and Google are prime examples of this.

But, when it comes to small-cap healthcare technology company Tabula Rasa Healthcare (TRHC), this saying needs to be extended.

For Tabula, big data doesn't just equal big money... it also leads to saving lives.

The \$1.1 billion health-tech company is all about using data to prevent ADEs.

Specifically, the company has created a proprietary subscription software solution – the Medication Risk Management Matrix – which combines drug safety and composition data, with patient health and vital data, to create optimal medication regimens which match the *right medicines*, to the *right patients*, at the *right doses*.

The big idea is that data-driven, optimized medication regimens will result in fewer bad prescriptions and inappropriate drug uses, thereby resulting in fewer ADEs, less ADE-related deaths, and lower ADE-related costs.

In essence, then, Tabula really is using big data to save money and lives.

And who doesn't want to save money and lives? Because the answer is "no one", Tabula's medication risk management software solutions have high demand from everyone.

PACE – or the Program of All-inclusive Care for the Elderly, which comprises health services for frail individuals aged 55 and over – has been a big Tabula customer, since older folks tend to have more medications, higher medical costs, and more ADEs. About 25% of all PACE members are already using Tabula's subscription software.

Demand from healthcare payers is huge, too, since Tabula's solutions help them craft better insurance policies, save money, and improve quality ratings. Demand from pharmacists is equally robust, as Tabula has been shown to improve patient outcomes and boost pharmacy loyalty.

In other words, everyone across the healthcare provider spectrum has a need for Tabula's breakthrough risk management solutions.

Tabula management estimates the total addressable market between PACE, healthcare payers, and pharmacists to be nearly \$10 billion.

The company did just \$285 million in revenue last year... and that's up 500% over the past five years.

So, not only does Tabula have a ton of momentum right now, but there's also a ton of white space here for the company to sustain huge growth for a lot longer.

That's why Tabula stock is up 400% from its 2016 IPO. It's also why I see this stock exploding another 400% higher over the next five years, and potentially 10X over the next decade.

That's huge upside – big enough that if you're looking to play the big data boom, you may want to consider taking a position in Tabula stock today.

Key Company Details

Company Name	Tabula Rasa HealthCare, Inc
Ticker Symbol	TRHC
Share Price	\$50.63
Current Market Value	\$1.1 Billion
Annual Revenue	\$285 Million
Catalyst	Big Data Revolution

Weekly Update: So... Stocks Can Go Down After All, Huh?

By Luke Lango September 5, 2020

For weeks, as the markets just kept on rallying and printing fresh all-time highs, the inside joke on Wall Street has been the rhetorical question: Do stocks *ever* go down?

This past Thursday, the market emphatically reminded us that the answer is “yes,” as the Dow shed 800 points and the Nasdaq fell 5%.

It was a whopper.

And yet... *all three major indices are simply back to where they were at the start of last week*, with the Nasdaq still up 28% year-to-date.

It's important to keep this big picture context in mind.

Thursday's sell-off was just a breather in what has been a red-hot rally in the stock market – and probably nothing more, because the fundamentals (the economy is rebounding), optics (rates are at zero, and stocks are the only game in town), and technicals (the uptrend remains alive and well) are all still favorable.

This is important for us because *small-cap stocks are not immune to broader market downturns*. When the S&P 500 and Nasdaq trip over themselves and plunge, so do small-cap stocks.

But everything will be just fine.

Stay the course. Look for buying opportunities. Keep your eye focused on five- to 10-year returns, not two-week returns.

With that in mind, let's dive into this edition of *The Daily 10X Weekly Update* and break down some DTX stocks that have staged big moves over the past few weeks.

AgEagle Aerial Systems (UAVS) Soars with Amazon Prime Air Launch

AgEagle Aerial Systems – the small drone company we highlighted on [August 26](#) for its huge upside on a potential Amazon drone partnership – took flight earlier this week when Amazon won Federal Aviation Administration (FAA) approval to fly its fleet of Prime Air drones.

The approval did not include any official announcement that AgEagle is part of Amazon's drone technology stack.

But investors clearly believe that is the case, as AgEagle stock *soared* 23% on the day of the FAA approval.

All the evidence and technology here continues to support the idea that AgEagle is a very important part of Amazon's drone technology stack. Until proven otherwise, the market will continue to push up AgEagle stock on every favorable Prime Air development.

With FAA approval now won, those favorable Prime Air developments will likely keep rolling in over the next few months, and AgEagle stock will likely keep going higher.

Of course, the big move will have to wait until the companies officially unveil their reported partnership – and no one knows when that will actually happen, if ever.

But as mother always said, *good things come to those who wait*.

At Home (HOME) Takes a Breather

In our [August 3 issue](#), we highlighted up-and-coming home goods retailer At Home as a company which could lean into its size, product selection, and pricing advantages to consolidate the fragmented home goods retail sector, and ultimately turn into the Best Buy or Home Depot of this space.

From that issue to early September, At Home Stock *surged 90%*.

But At Home stock got pummeled this week when the retailer reported second quarter numbers that – while strong – didn’t quite live up to supercharged investor expectations.

Don’t stress this sell-off.

It’s just near-term “buy the rumor, sell the news” trading dynamics. The numbers themselves were very impressive. 50% sales growth. 42% comps. 880 basis points of gross margin expansion. 446% operating profit growth.

All those numbers do is underscore that At Home continues to execute strongly against its compelling long-term opportunity.

We still see the company being worth \$20 BILLION one day. The market cap presently hovers around \$1.1 billion.

LivePerson (LPSN) Sustains Big Growth

Since our [May 22 issue](#) on conversational commerce pioneer LivePerson, that stock has soared as high as 74%, mostly because the company continues to define a new era of chat-powered commerce.

Specifically, LivePerson reported extremely strong quarterly numbers in early August that included 29% revenue growth, 15 points of operating margin expansion, and a guide which calls for 20%-plus revenue growth and big margin expansion to stick around in Q3 and Q4.

In other words, the conversational commerce megatrend isn’t slowing down because of Covid-19. *It’s only accelerating*, as the technology gets better and consumers migrate more rapidly into digital shopping.

LivePerson is the head-and-shoulders leader in providing top-tier technology to power conversational commerce, with a lead that is only widening thanks to new product launches and more customer wins (which grows brand equity).

Alongside the rest of the market, LivePerson stock dropped this week on tech bubble fears.

This near-term weakness will ultimately amount to nothing more than noise. Long-term, LivePerson will turn conversational commerce mega-tailwinds into mega-returns for shareholders.

Virgin Galactic (SPCE) Knocked Down By Delays, But Not Out

Space tourism is coming soon to a spaceport near you, and because of such, we highlighted Virgin Galactic in our [June 30 issue](#) as an explosive way to play the space megatrend.

Since then, Virgin Galactic stock has been on a wild roller coaster ride, *soaring as much as 80%* before settling down lately.

The most recent leg lower in Virgin Galactic stock can be explained by *yet another delay* in the company's first commercial passenger spaceflight.

Longtime followers of this company will know that delays like this have been happening since 2007.

But innovation takes time. And while this most recent delay has knocked Virgin Galactic stock down – it hasn't knocked the stock out.

Instead, recent weakness is a buying opportunity, because Virgin Galactic is still on the cutting edge of pioneering a new generation of space travel... with a very talented team... tons of resources... exceptionally huge barriers to entry... and tons of long-term upside potential.

Five years from now, this stock will be 5X to 10X higher from where it sits today.

Else Nutrition (BABYF) Makes a Splashy Debut

Last week, in our [August 28 issue](#), we said that Else Nutrition was ready to disrupt the \$80 billion infant nutrition market with its novel plant-based milk formula.

In the days following that issue, Else Nutrition stock soared as much 44%.

The stock has since come down amid a broader market sell-off.

But the fundamentals underlying this company are only getting better.

Following the early August launch of its toddler plant-based milk formula in North America, Else Nutrition has embarked on a second full-scale manufacturing run for its products due to elevated demand, on-boarded more retail brokers, and launched a full-blown social media marketing campaign with 50 mommy/parenting influencers.

In other words, Else is doing everything right to ensure a wildly successful early roll-out of its breakthrough plant-based milk formula – and the long-term opportunity for Else to turn into a multi-billion-dollar infant nutrition giant has never been more compelling or had more clarity.

To that end, near-term weakness is... well... *just near-term weakness*.

In case you missed any of this week's issues, we talked about...

- [ShiftPixy](#) (PIXY), a small tech company pioneering a disruptive two-sided software platform that enables restaurant owners to tap into the power of the gig economy.
- [Shift4 Payments](#) (FOUR), a contactless and omni-channel payments technology company that could end up being the next Square.
- [ACM Research](#) (ACMR), a highly specialized “picks-and-shovels” supplier of advanced wafer wet cleaning technologies into the semiconductor industry.
- [Celsius Holdings](#) (CELH), a small beverage company positioned to disrupt the \$60 billion energy drink category with its breakthrough functional healthy energy drinks.
- [Tabula Rasa Healthcare](#) (TRHC), a small healthcare technology company using big data to save money and lives by reducing the frequency of adverse drug events.

Monthly Review: Riding Multiple Disruptive Megatrends to Big Profits

By Luke Lango September 7, 2020

In late May, when we launched *The Daily 10X Stock Report*, our CEO, Brian Hunt, called it the most ambitious project we have ever embarked on...

Indeed, delivering one small-cap stock with 10X upside potential to your inbox every single day has been no small feat.

Trust me... I work tirelessly to uncover and analyze these stocks, separating the wheat from the chaff so that you see only the best-of-the-best when it comes to up-and-coming, next-generation breakout stocks.

For example, when we started *The Daily 10X*, a lot of analysts were highlighting Genius Brands (GNUS), a stock that spiked to \$12 in early June on claims it was making a Netflix for kids. Now, that stock trades at a buck and change as that service launched to near-zero demand.

We knew about Genius Brands back in early June... we passed on it... and instead highlighted the mobile digital marketing company Digital Turbine (APPS).

Digital Turbine stock has *soared as much as 198%* since our [June 8 issue](#) on the company.

This is what we are most proud of...

It's easy to tell someone about one moonshot, small-cap stock a day.

It's much, *much* harder to – every day – tell someone about a high-quality, compelling small-cap stock with a good opportunity to soar 10X.

But that's exactly what we've done.

In just three full months of issues, we've had (in terms of max returns):

- 55 stocks rise more than 10%
- 45 stocks rise more than 20%

- *23 stocks rise more than 50%*
- *8 stocks rise more than 100%*
- *3 stocks rise more than 200%*
- *AND 2 STOCKS RISE MORE THAN 400%*

Those are some pretty impressive returns... in just three months.

Things will only get better from here.

A lot of folks scratch their heads at the notion of producing one exciting, high-quality small stock per day, on the basis that it seems like “too many.”

But those folks are living with one foot in the past.

The world today is changing rapidly.

[Electric vehicles](#) are replacing diesel and gas cars globally...

[Autonomous driving](#) is quickly becoming a reality...

[Plant-based foods](#) are taking over grocery stores and fast food chains...

[Shopping and payments](#) are increasingly becoming digitized...

Attitudes towards formerly taboo drugs like marijuana and [psychedelics](#) are fundamentally shifting...

[Gambling and sports betting](#) are being legalized...

[Big data](#) is transforming and optimizing every facet of business...

[Clean energy](#) costs have fallen to grid-parity, and consumer adoption is soaring...

AR/VR technology is revolutionizing gaming...

Robots are becoming a real, useful thing...

Cloud computing is becoming ubiquitous...

The space tourism boom is starting...

I could go on and on.

But the point couldn't be any clearer.

The world is rapidly changing. Faster than ever before. And where there's change, there's opportunity.

So, over the next five to 10 years, there will ample opportunity for small companies on the cutting edge of these disruptive, next-generation megatrends to *unseat incumbent giants who have fallen asleep at the wheel...*

Much like Tesla is unseating Ford and General Motors...

Much like Amazon has unseated Walmart and Target...

And Netflix has unseated movie theaters...

So... against that backdrop... is one stock a day too many? Are we going to run out of options in a world that's changing everywhere and changing rapidly?

No and no.

If I could, I'd deliver you *two or three small-cap stocks a day* with world-changing potential.

Because that's how much opportunity there is in the market today, thanks to multiple disruptive megatrends entirely redefining our personal and professional realities.

That's all just a long-winded way of saying stick with us.

This party of scoring multiple triple-digit winners every month in the small-cap world is just getting started.

Huge Upside Ahead for This Small Stock Pioneering a New Era of Modern B2B Transactions

By Luke Lango September 8, 2020

How do you pay for things?

If you're like me, you mostly use a credit or debit card. That's not unusual. In 2017, credit and debit cards accounted for 59% of all transactions in the U.S. – and that number is expected to rise to *70% by 2022*.

To that end, it's fair to say that payment card transactions have reached ubiquity across the consumer landscape, because they are easy, convenient, replaceable, hassle-free, and contactless (which, thanks to Covid-19, is a big thing nowadays).

But... in the business-to-business (B2B) world... payment cards account for just 8% of B2B transactions.

Why?

No good reason.

B2B transactions are stuck in the stone age because old business owners have latched onto tried-and-true, incumbent payment methods and processes like ACH transfers (which date back to the 1970s), checks, and manual management of accounts payable.

But this industry is now at a tipping point...

Where modern, tech-enabled payments solutions are *so* much superior to legacy, paper-heavy solutions that business owners want to disrupt the status quo.

30% of business owners plan to decrease check usage going forward...

40% plan to increase electronic payments usage...

And 40% plan to invest in AP automation software.

In other words, the antiquated B2B transactions world is on the cusp of leapfrogging into the modern era – a leapfrog which will fundamentally alter the \$120 trillion B2B payments market.

In today's edition of *The Daily 10X*, we will tell you how to play this B2B payments modernization megatrend, by investing in a small-cap stock that's providing businesses the necessary technology tools to enable this enormous pivot.

Building the “PayPal for B2B Payments”

In the consumer landscape, huge companies have been built to help facilitate non-cash, B2C payments.

Think Square... the \$70 billion physical payments processing giant which helps merchants and retailers accept non-cash payments... or think PayPal... the \$240 billion digital payments processing giant which enables anyone to buy anything online.

Similar payment technology giants will emerge on the B2B side of things, and one of those giants will be Repay Holdings (RPAY) – a \$1.4 billion specialized payment tech platform that projects as the “*PayPal of B2B payments*.”

Repay's offering is very similar to PayPal and Square's offerings: an end-to-end, omni-channel payment processing ecosystem that securely facilitates all non-cash payments, and which includes multiple value-add services to help businesses succeed.

The only difference is that Repay's payment tech platform is built for B2B transactions and B2B companies.

It's built to handle low-frequency, big-volume orders. It's tailored to the unique needs of highly specialized verticals like B2B healthcare payments. It features direct software integrations with loan, dealer, and business management systems. And the value-add services include things like AP automation.

It's the dream, all-in-one modern payments tech platform for handling B2B payments.

And, as such, adoption of Repay's platform projects to boom over the next several years as the B2B payments world leapfrogs into the modern era.

Indeed, this is already happening...

In 2018, Repay's total payment volume (TPV) grew 44%. It grew 43% in 2019. And it's projected to grow 40% in 2020, despite the Covid-19 pandemic reducing business activity, because physical business shutdowns have actually only accelerated the B2B payments modernization megatrend.

This is just the beginning for Repay.

Management estimates the company's direct addressable market at somewhere around \$3 trillion. TPV will come in around \$15 billion this year... representing just 0.5% of the addressable market.

At its current expansion rate, Repay will hit 2% market share penetration by 2030, implying \$60 billion in TPV.

The gross profit rate has consistently hovered around 0.8% of TPV. Meanwhile, we know – thanks to Square and PayPal – that the payment processing model is a highly scalable one, so Repay's operating expenses as a percent of TPV will likely fall from 0.3% today, to 0.2% by 2030, thanks to scale.

That all implies an adjusted EBITDA margin for Repay by 2030 of 0.6%, which on \$60 billion in TPV implies adjusted EBITDA dollars of \$360 million. Taking out D&A, interest, and taxes, you're probably left with somewhere around \$225 million in net profits.

A 25X multiple on that implies a future valuation target of ~\$5.6 billion...

And that assumes just 2% market share penetration – an assumption which could prove conservative given how underpenetrated the B2B transactions market is today in terms of electronic payments.

At 5% market share, my numbers suggest 2030 profits could be \$750 million... and a 25X multiple on that implies a future valuation of nearly \$19 billion...

Regardless, Repay stock has big upside potential in the B2B payments modernization megatrend – a trend which looks compelling enough that you may want to consider taking a position in Repay stock today.

Key Company Details

Company Name	Repay Holdings Corp.
Ticker Symbol	RPAY
Share Price	\$23.62
Current Market Value	\$1.4 Billion
Annual Revenue	\$135 Million
Catalyst	B2B Payments Modernization Megatrend

This Small Stock Is a Pure Play on One of The World's Biggest Megatrends

By Luke Lango September 9, 2020

What do Amazon, Netflix, and Adobe all have in common?

Well, besides the obvious that all of them are tech giants with \$200+ billion market caps, all three of these companies are built on subscription businesses.

Amazon is built on the \$129/year Amazon Prime program.

Netflix is built on its \$15/month streaming TV service.

Adobe is built on the back of a suite of subscription software solutions.

These three companies are a sign of the times – a time wherein business models across the world are rapidly changing from *pay-to-own-a-product* to *pay-to-use-a-service*.

Why?

Because subscription services are better for both buyers and sellers.

Buyers get consistent, seamless access to a relevant and up-to-date service. Sellers, meanwhile, generate stable and predictable revenue streams ever year.

No wonder 80% of consumers want more subscription services, or that subscription businesses grew *about 5X as fast* as non-subscription businesses between 2012 and 2019.

This transformational change in business models is commonly dubbed by insiders as the emergence of the Subscription Economy.

It's a megatrend like no other... one that is sweeping across all industries... and will ultimately end with almost everything turning into a subscription service.

One small-cap technology company is at the heart of this megatrend.

In today's edition of *The Daily 10X*, we will tell you all about this small-cap tech company. As the Subscription Economy takes over the world over the next 5 to 10 years, this small stock could, of course, soar by several hundred percent.

An Explosive Picks-and-Shovels Play for the Subscription Economy

One of the best ways to invest in an emerging megatrend is by buying the “picks-and-shovels” suppliers in that industry.

Yes. Longtime readers are probably tired of hearing us say that. But we say it a lot because... well... it's true, and absolutely necessary to understand if you want to unlock huge long-term gains.

PayPal is a picks-and-shovels play on digital money.

Salesforce is a picks-and-shovels play on e-commerce.

Illumina is a picks-and-shovels play on genome sequencing.

Needless to say, all of those companies have been huge success stories. *Each one of those stocks is up more than 100% over the past four years.*

So... when I say that Zuora (ZUO) – a \$1.2 billion software tech company – is the best picks-and-shovels play on the Subscription Economy, I mean this is a stock which could soar by triple-digits over the next few years.

Zuora was made for the Subscription Economy. The company's cloud-based software solutions enable *any* company in *any* industry to successfully launch, manage, and transform into a subscription business.

Such solutions enable companies to:

- Seamlessly turn an existing product listing into a subscription service.
- Manage multiple subscription services in one hub.
- Create subscription-native billings experiences.
- Capture various subscription payment methods across various services.
- Calculate customer usage and retention metrics.
- Automate subscription accounting integration.
- Leverage 13 years of Zuora Analytics to optimize subscription selling success.
- And much more...

Zuora packages all those solutions into one, end-to-end centralized platform aptly named Zuora Central. From that central hub, businesses can manage, track, and amplify various subscription programs of all shapes and sizes.

In essence, if you're going to turn into a subscription business, you're going to trust Zuora's software solutions to help you do that.

That's a big deal... a really, *really* big deal...

As we said earlier, subscription services are the future of business. At the end of the day, almost everything that can be sold through a subscription service, will be sold through a subscription service.

Yet Gartner pegs the percent of direct-to-consumer organizations employing subscription services today at *just 70%*.

And the total dollar value of U.S. subscription sales in 2015 was just \$420 billion... equal to a *measly 9%* of total retail sales in the country.

Clearly, there's still tons of room for growth here... in terms of the number of organizations that launch subscription services... the number of services those organizations launch... and the number of consumers who pay for those services.

In other words, the Subscription Economy will sustain huge growth over the next decade.

As a best-in-breed, picks-and-shovels supplier, Zuora will grow with the industry. Margins will rise dramatically because Zuora's SaaS business model is highly scalable. And profits in 5 to 10 years will be quite huge.

How huge?

My numbers suggest \$300 million in net profits is doable by 2030. A 35X multiple on that - which is historically average for SaaS companies - implies a potential future valuation of \$10.5 billion.

Zuora is a \$1.2 billion company today.

Needless to say, this small-cap SaaS stock deserves your attention today.

Key Company Details

Company Name	Zuora, Inc.
Ticker Symbol	ZUO
Share Price	\$10.42
Current Market Value	\$1.2 Billion
Annual Revenue	\$291 Million
Catalyst	Subscription Economy Megatrend

**The Next Big Thing in Wall Street's Hottest
Trend is This Tiny Stock... And it Could
Rise More Than 10X**

By Luke Lango September 10, 2020

Wall Street is full of buzzy acronyms.

EPS. P/E. EBITDA. IPO. DCF. M&A. LBO.

And now SPAC...

SPACs – which stands for Special Purpose Acquisition Company – are also known as “blank check” companies because, well, *they don't do anything*. They are just public shell companies, with no commercial operations, which intend to acquire another business with ongoing operations...

They exist for the sole purpose of giving legitimate, private companies an alternative way to go public without doing an IPO.

In 2020, SPACs have been all the buzz on Wall Street, as a number of big-name companies – like Virgin Galactic, Nikola, and DraftKings – have leveraged them to go public.

And, because all three of those stocks are *up more than 50% year-to-date*, everyone is looking for the next big SPAC...

We may have found it.

In today's edition of *The Daily 10X*, we will tell you about a tiny SPAC that just made a splashy acquisition – one which puts the pieces in place for this small stock to potentially surge by more than 1,000% over the next few years.

An Obscure SPAC Today... A Plant-Based Food Giant Tomorrow

Forum II Corporation (FMCI) is a blank check company that went public back in 2018 and which has been sitting out the SPAC frenzy of 2020...

Until June...

When Forum II acquired hyper-growth, plant-based foods company Tattooed Chef for \$482 million.

And now, there exists an opportunity for this tiny SPAC to turn into a *multi-billion-dollar force to be reckoned with in the \$55 BILLION U.S. frozen foods market*.

Here's the story.

Tattooed Chef specializes in making pre-prepared, plant-based frozen foods that are GMO-free, organic, and protein-rich. The company's best sellers include organic acai bowls, cauliflower pizza, Mexican street corn, cauliflower stir-fry, zucchini spirals, organic mac and cheese, so on and so forth.

The company's product portfolio is basically the dream freezer of your typical health-conscious, eco-sensitive, time-constrained Millennial and Gen Z consumer – a person who is already eating plant-based foods once a month, only increasing their intake of plant-based proteins, and rapidly pivoting to pre-prepped frozen foods to save time.

In other words, Tattooed Foods is selling the perfect assortment of products (pre-prepped, plant-based frozen foods) to the perfect audience (health-conscious, eco-sensitive young consumers) at the perfect time (when those consumers are increasing plant-based protein intake and pivoting towards frozen foods).

The numbers speak for themselves here...

In 2018, Tattooed Chef's revenues *increased 47%*. They *rose 77%* in 2019, and another *101%* in the first quarter of 2020.

That's impressive.

But what's more impressive is that Tattooed Chef's growth narrative is in the top of the first inning...

The company's retail distribution is presently limited to Walmart, Sam's Club, and Costco. Increased retail distribution through leading regional retailers and nationwide grocers will increase product reach and sales...

So will the launch of new products.

Tattooed Chef dominates in the frozen meals, pizzas, and smoothies categories, but has limited to no presence in frozen meats, seafood, or desserts – verticals which together comprise *more than half* of the \$55 billion U.S. frozen foods market.

The company will lean into its history of successful new product launches – the acai bowl, launched in May 2019, went from \$200,000 in sales in its first month, to \$9.3 million in its twelfth month – to more deeply penetrate new frozen foods categories, adding even more firepower to the company's growth narrative...

Sure, competition is a big concern here. The U.S. frozen foods market is highly competitive. And now everyone is jumping into the plant-based segment.

But Tattooed Chef has strong competitive advantages to fend off that competition, including:

- Branding: take one look at the Tattooed Chef logo, website, packaging, and messaging (“Making Plant Based Foods for People Who Give a Crop”), and it becomes clear that this is an edgy, purpose-driven brand which will appeal strongly to young consumers.
- Sourcing: Tattooed Chef is a true farm-to-table brand, that sources its food all the way from Italy in a vertically integrated fashion that’s tough to replicate.
- First Mover: Tattooed Chef is a pioneer in the frozen plant-based foods space, and as such, is already miles ahead of the competition in terms of product, distribution, and mind-share.

Connecting the dots, Tattooed Chef is well positioned to significantly disrupt the \$55 billion U.S. frozen foods category with its portfolio of branded plant-based, pre-prepped products.

Even just 5% penetration into that market implies \$2+ billion in sales...

And, because the company is *already profitable* and EBITDA margins in this industry average around 20%, that \$2+ billion in sales will easily flow into something like \$400 million in EBITDA...

Which, on an industry-average 11X EBITDA multiple, implies a \$4.4 billion future valuation for Tattooed Chef.

The company has a market cap of just \$400 million today.

To that end, Tattooed Chef looks like the next big thing in the SPAC world... and a stock that you may want to take a position in today.

Key Company Details

Company Name	Forum Merger II Corporation
Ticker Symbol	FMCI
Share Price	\$21.00
Current Market Value	\$539 Million

Annual Revenue	N/A
Catalyst	Tattooed Chef Acquisition

Buy This Explosive Small Stock Before It Turns into the Amazon of Education

By Luke Lango September 11, 2020

In July 1995, Jeff Bezos launched Amazon.com as an online bookstore, with a promise to revolutionize the \$20 trillion global retail industry.

Twenty-five years later, Bezos has done just that.

Amazon has not only become the world's most disruptive retailer in 2020, but also its most valuable one, too, with a market cap of \$1.7 trillion...

How did Bezos do it?

By making shopping *digital* and *on-demand*.

The core belief of Amazon in 1995 was that you win by making things easy for the customer. In shopping, "easy" is the ability to shop for *whatever you want, whenever you want, wherever you want*.

Amazon enabled customers to do just that, by creating an online one-stop-shop that was always open... and it worked... about as good as anything has ever worked.

Why am I telling you all of this?

Because the Amazon recipe for success – making things digital and on-demand – *isn't exclusive to shopping*.

It applies everywhere.

Netflix did it in the media world. Facebook did it in the communications world. Salesforce did it in the enterprise tools world.

And now, one small-cap technology company is doing it in the education world, with a chance to turn into the Amazon of education over the next decade.

In today's edition of *The Daily 10X*, we will tell you all about this revolutionary small-cap company that is primed to follow in Amazon's footsteps. If everything goes right, this small stock could soar by – you guessed it – 10X.

An \$80 Billion Digital Education Giant in the Making

At this point, I'd like to introduce you to Chegg (CHGG).

Not quite a household name – but getting there – Chegg is an \$8.7 billion digital education company that has a very simple purpose: create a digital and on-demand connected learning platform with multiple value-enhancing services which, in sum, make the learning process easier, quicker, and more convenient for students across the globe.

Sound familiar? It should.

Swap out “connected learning” with “retail”... “learning” with “shopping”... “students” with “consumers” ... and *voilà*, you have Amazon.com's mission statement.

Just as Amazon revolutionized retail over the past decade, Chegg is going to revolutionize education over the next decade.

There are three big ideas behind the Chegg bull thesis.

First, the education world is finally starting to digitize at scale.

This is partly because of the Covid-19 pandemic, which has shuttered schools across the globe and forced students onto online learning platforms like Chegg.

But it's mostly because the new generation of high school and college students were born between 1998 and 2006 – i.e. they don't know what it's like to *not* have the internet, and naturally, are demanding digital, on-demand education models.

Second, Chegg is rapidly expanding its value proposition to students.

At first, this was just a textbook rental company. Now, Chegg is that, *and* offers online homework solutions, on-demand tutoring services, test prep, writing help, a

math solver, virtual flashcards, expert Q&A, video tutorials, an internship finder, and a skill-based bootcamp with newly acquired Thinkful, too.

In other words, Chegg has gone from textbook rental company with limited value, to all-in-one, virtualized student resource center with infinite value.

Third, Chegg's addressable market is also rapidly growing through international expansion.

Chegg has long been a U.S.-focused e-learning company. Over the past few years, though, the company has made investments into international markets, including non-English speaking countries, thereby expanding the total addressable market from 36 million U.S. high school and college students... to 102 million global students.

This is more than just expansion, too. It's execution. Management didn't break out the numbers, but they did say that the platform has seen explosive growth so far in 2020 throughout Europe, South America, and parts of Asia.

Broadly, then, *Chegg is turning into a virtualized student resource center on a global stage, at the exact time the education world is pivoting towards virtualized offerings.*

Sound like a winning recipe? It is.

And the potential upside isn't small.

Chegg has been growing subscribers at a 30%-plus rate for the past six years. Still, the company ended 2019 with just 4 million subs, implying just 4% penetration of the TAM.

To that end, Chegg will sustain 30%-plus subscriber growth over the next several years, too, while margins will improve with scale because Chegg's subscription SaaS business model is highly scalable.

My base case is for Chegg to turn into *\$25 billion company* by the end of the decade.

But that assumes U.S. market domination and minimal international penetration.

If Chegg replicates its U.S. market dominance globally, then this could easily be a \$80+ BILLION digital education giant one day.

So, if you're looking for the next Amazon, you should consider buying Chegg stock today.

Key Company Details

Company Name	Chegg, Inc.
Ticker Symbol	CHGG
Share Price	\$67.94
Current Market Value	\$8.7 Billion
Annual Revenue	\$504 Million
Catalyst	E-Learning Revolution

Weekly Update: The Number One Reason to Buy the Dip in Tech Stocks

By Luke Lango September 12, 2020

Every time the market sells off, the talking heads come out with a multitude of reasons to try and explain the sudden drop in stocks.

This time around, *you've heard a bunch of reasons.*

Tech stocks were overvalued. The stimulus bill got stalled. There was excess speculation in the options market.

Yes, yes, and yes – all three of those things are true.

But none of them are at the heart of the recent tech stock plunge.

Instead, at the heart of this sell-off is something we're all following but aren't correctly correlating to the markets: the Covid-19 vaccine.

You see... in a somewhat counterintuitive sense... Covid-19 has actually been a *net positive for tech stocks*, since it has forced everyone into a digital-everything, digital-all-the-time world... where we are watching Netflix more than ever, scrolling through Facebook more than ever, and shopping on Amazon more than ever.

So... as we inch closer and closer to a Covid-19 vaccine... Wall Street is getting worried that mass general public access to a vaccine will end this era of digital ultra-dependence... and consumer behavior normalization will actually be a *net negative for tech stocks*.

The evidence here is hard to refute.

On Wednesday night (9/2), the New York Times reported that the CDC was ordering all 50 states to make preparations to potentially administer a Covid-19 vaccine to healthcare workers *as early as October* – a timeline significantly accelerated from what many expected.

The Nasdaq *dropped 4.96%* the next day.

And it kept dropping... until news broke after the markets closed on Tuesday night (9/8) that AstraZeneca put its Covid-19 vaccine trial on hold.

The next day, the Nasdaq's 3-day losing streak ended, and the index bounced 2.7%.

All the while, cruise and airline stocks *rallied* during the Nasdaq sell-off, and have been dropping ever since the Nasdaq selling has ended.

Coincidence?

I think not.

Now here's the most important part: Wall Street is dead wrong here.

A Covid-19 vaccine may provide some semblance of a headwind to tech stocks. But it'll be tiny. And it won't last long. Mostly because Covid-19 has permanently accelerated the consumer and enterprise shifts to a technology dominated world.

So... here's my two cents.

Buy the dip in tech stocks.

Especially in small-cap tech stocks which are on the cutting edge of defining new consumer and enterprise behaviors... many of which we write about in *The Daily*

10X... and many of which have compelling opportunities to turn Covid-19 disruption into enormous long-term growth.

With that in mind, let's dive into this edition of *The DTX Weekly Update*, and break down some DTX stocks that have staged big moves over the past few weeks.

Nikola (NKLA) Soars After Big Deal with General Motors

A company we dubbed the “Tesla of Trucks” back in our [June 10 issue](#) – Nikola Motors – soared as much as 45% this week after the company signed a *big manufacturing and technology partnership with General Motors*.

As a part of the deal, GM will receive an 11% equity stake in Nikola in exchange for essentially fully manufacturing Nikola's Badger electric pickup trucks at its facilities.

GM will also provide battery technology to Nikola's vehicles, and will become the exclusive supplier of fuel cells for Nikola's Class 7/8 commercial trucks outside of Europe (Bosch is Nikola's fuel cell supplier in Europe).

Notably missing from the partnership is any mention of Nikola's underlying technology or IP, leaving some to believe that Nikola's own core battery and fuel cell technology isn't that good, and that the company is really only good at branding, design, software and marketing.

That *may* be true... and it's mostly why Nikola stock gave up all of its gain in the back-half of the week...

Nonetheless, this partnership pairs GM's leading fuel cell technology and unmatched manufacturing capacity with Nikola's strong branding, marketing, and design. So, if Nikola didn't have great underlying tech or build capacity before, that won't be true anymore – and in that sense, this deal brings Nikola one step closer to bringing to market best-in-breed electric and fuel cell trucks over the next few years.

Long-term upside here remains extremely compelling, especially with this new GM partnership.

Workhorse (WKHS) Takes Flight

In our [August 25 issue](#), we told you about Workhorse, a next-generation electric vehicle and aircraft manufacturer on the cusp of pioneering disruptive growth in the “needs-to-be-upgraded” last-mile delivery market.

Since then, Workhorse stock has *soared as much as 50%*.

The catalysts?

There's been a few.

For starters, [Oppenheimer upgraded the stock](#), citing a potential USPS deal, ramp of Lordstown Motor trucks, and new delivery orders as go-forward catalysts for further gains in the stock.

Also of note, Workhorse struck a strategic partnership with Hitachi, a company with deep expertise in modernizing and optimizing auto manufacturing processes.

Plus, the Nikola-GM partnership got Workhorse investors excited, as Workhorse is tangentially related to GM since the current Lordstown plant in Ohio was formerly owned by GM.

All in all, it certainly feels like a perfect storm is building here... and that Workhorse stock could be primed for a big breakout.

Whether that breakout happens or not, though, is somewhat irrelevant.

Long term, Workhorse stock has tremendous upside potential as a go-to supplier of modern last-mile delivery trucks and drones.

Stitch Fix (SFIX) Soars... & No One Seems to Know Why

Since our [July 15 issue](#) on fashion tech company Stitch Fix, the stock has been on a wild roller coaster ride, most recently surging nearly 25% over the past two weeks.

And no one seems to really know why.

There was a Deutsche Bank upgrade. Analysts over there are pointing to expansion of the Direct Buy program (wherein visitors can directly buy individual clothing items from Stitch Fix's website) to non-subscribers as a huge upward catalyst in the coming months.

But one upgrade doesn't explain a 25% rally.

There is also positive news on the Covid-19 vaccine front, which is good news for Stitch Fix since it brightens the outlook for a consumer spending recovery.

But other retail stocks didn't rally 25% like Stitch Fix.

So why has Stitch Fix stock been on fire?

No one seems to know. There's lots of speculation. Nothing concrete.

Regardless, it is a rally that is long overdue, because Stitch Fix continues to execute strongly against its opportunity to define a new era of on-demand, personalized apparel shopping.

Long-term upside potential in this name remains enormous. You should consider staying long... for a lot longer.

ElectraMeccanica (SOLO) Starts Production

Although Americans traditionally like big cars, we cited shifting demographic and economic trends in our [August 4 issue](#) as big reasons why ElectraMeccanica will sell a lot its small, single-seater, three-wheel Solo EVs over the next decade.

Those Solo EVs finally started mass scale production in late August.

ElectraMeccanica will make the cars in China, and start delivering them to customers by November or December of this year.

At the same time, in early September, ElectraMeccanica opened up its third retail location in Portland (so the company now has stores in LA, Phoenix, and Portland).

In 2021/22, ElectraMeccanica will push forward more rapidly on this growth trajectory. The company will continue to simultaneously scale production while increasing reach and brand awareness through more retail store openings in new markets.

As this happens, ElectraMeccanica will sell a lot of Solo cars - *and the stock will soar.*

So, despite recent weakness in ElectraMeccanica stock, the long-term bull thesis has never looked better. Indeed, recent weakness looks like little more than a longer-term buying opportunity.

Cinedigm (CIDM) Comes Back from the Dead

In our [July 31 issue](#), we said that beaten-up entertainment company Cinedigm was on the cusp of making a huge pivot into the streaming TV channel, the likes of which could turn Cinedigm stock into a ten-bagger.

But Cinedigm stock has struggled significantly ever since then, mostly because Wall Street has doubted management's ability to pull off this turnaround.

The company's largest shareholder, however, *doesn't doubt management's ability at all.*

Bison Capital recently agreed to convert its \$15 million convertible note debt to common equity at \$1.50 per share.

Cinedigm stock soared on the news for three reasons.

One, it's a huge vote of confidence from Bison Capital. Two, it significantly reduces Cinedigm's debt load and interest expense. Three, it basically doubles the company's cash balance.

Meanwhile, Cinedigm also reported last quarter that viewers are up 93%, minutes watched are up 43%, and ad-supported streaming revenues are up 48%.

In other words, the OTT-powered turnaround story at Cinedigm actually looks about as good as it ever has... yet Cinedigm stock trades at super depressed levels.

This discrepancy likely won't last.

In case you missed any of this week's issues, we talked about...

- [Repay Holdings](#) (RPAY), a rapidly growing specialized payment tech company that could turn into the PayPal of the B2B world.
- [Zuora](#) (ZUO), an explosive, SaaS "picks-and-shovels" play on the booming Subscription Economy.
- [Tattooed Chef](#) (FMCI), a hypergrowth food company disrupting the huge frozen foods category with a novel portfolio of branded plant-based, pre-prepped foods.
- [Chegg](#) (CHGG), a connected learning platform pioneering a new era of hybrid education, with an opportunity to turn into the Amazon of this space one day.

**By Building the 5G Superhighway, This
Overlooked & Undervalued Small Stock
Could Soar**

By Luke Lango September 14, 2020

Believe it or not, data can drive.

Well, not really.

But – in the same way that you drive from your home on a series of roads to get to the supermarket – data “drives” on a series of fiber optic cables and radio waves, known as the “internet backhaul,” to get from host servers to your smartphone, computer, or TV screen.

In this sense, the internet is really just a giant transportation network of data.

5G promises to forever change this transportation network.

It promises to make the data go *100-times faster...* with a *100-fold increase in network capacity...* and a *10-fold decrease in latency*.

That means the roads on which data travels across the world are going to need a massive upgrade.

They’ll need to be wider, smoother, more robust, and just overall better.

So, before 5G coverage can become globally ubiquitous, the world needs to build a series of 5G superhighways on which data can travel at lightning speeds.

The construction of these 5G superhighways is expected to spark *150%+ growth* in the internet backhaul market into 2027.

In today’s edition of *The Daily 10X*, we will show you an explosive way to invest in the construction of 5G superhighways. Not by buying the fan-favorite 5G infrastructure stocks. Rather, by buying an overlooked, undervalued, small internet backhaul company that could soar several hundred percent in the early 2020s.

A Wireless Backhaul Leader with Explosive Profit Growth Potential

When it comes to the internet backhaul space, the “wired” part of the market gets all the attention and love on Wall Street.

I’m talking fiber optic cables, which run under the ground and are traditionally considered the safest, fastest, and most reliable way to transfer data.

Consequently, the world's most important fiber companies are multi-billion dollar tech giants, like Lumentum (\$5.3 billion market cap), Ciena (\$6.4 billion), and Corning (\$24.3 billion).

The "wireless" side of the internet backhaul market, on the other hand, is often overlooked by Wall Street.

That's because this wireless side – which utilizes radio waves as opposed to fiber optic cables to transfer data – is traditionally considered less secure, less reliable and slower than wired backhaul.

The valuations in the market reflect this reality.

Wireless backhaul technology leader Ceragon (CRNT) has a market cap of just \$186 million.

But, for Ceragon, *this reality is rapidly changing...*

Ceragon has leveraged recent breakthrough advancements in its signature multi-core technology platform – which essentially reuses spectrum channels optimize speed – to turn its market-leading wireless backhaul solutions into offerings that, in many cases, have proven to be a more secure and reliable data transmission method than fiber.

Plus, Ceragon's solutions are *way cheaper*, since they don't require digging up the ground and installing expensive cables...

They are *flexible* and can be placed anywhere, especially in places where installing wired backhaul is nearly impossible...

And they *cost less* to maintain, with lower recurring expenses than fiber...

To be sure, fiber still beats Ceragon's wireless solutions in most cases in terms of reliability and security.

But the fact that these two technologies are now super close in terms of performance across most settings – with Ceragon having the slight edge in some settings – *and* that Ceragon's solutions are economically superior...

Well, that implies that as telecom infrastructure companies build out 5G superhighways over the next five years, they will likely deploy a lot of Ceragon's wireless backhaul solutions.

Does that mean Ceragon could turn into a multi-billion-dollar company like its fiber optic peers?

Yes.

Because wireless backhaul is cheaper than wired backhaul, Ceragon won't ever have the huge revenue bases of Ciena or Corning.

But Ceragon does have a lower expense base, and that expense base is mostly fixed. Despite significant revenue volatility over the past few years, the operating expense base has consistently hovered around \$20 million per quarter.

Thus, *huge revenue growth* on the back of 5G-driven demand over the next few years will power *huge profit margin expansion*, too, leading to *doubly huge profit growth*.

Indeed, I see Ceragon growing profits to \$50 million or more by 2025, from a net loss of \$2 million last year.

A simple 20X multiple on that implies a potential future valuation of \$1 billion, *or more*.

So, if you're looking for an explosive way to play the construction of 5G superhighways, skip the fan-favorite fiber optic stocks. Instead, consider taking a position in the overlooked and undervalued Ceragon stock.

Key Company Details

Company Name	Ceragon Networks Ltd.
Ticker Symbol	CRNT
Share Price	\$\$2.12
Current Market Value	\$186 Million
Annual Revenue	\$262 Million
Catalyst	5G Wireless Megatrend

This Disruptive Battery Stock is Ready to Turn the Huge Promise of Solid-State Batteries into an Explosive Reality

By Luke Lango September 15, 2020

Traditionally, batteries make things work.

But, today, *batteries are keeping things from working as well as they could.*

Sure, it seems counterintuitive, so let's take a quick trip back to chemistry class.

Batteries comprise three things. A cathode, an anode, and an electrolyte. Batteries work by promoting the flow of ions between the cathode and anode through the electrolyte.

Conventional lithium-ion batteries – which are currently the dominant status quo in smartphones, smartwatches, electric cars, so on and so forth – are built on liquid battery chemistry.

That is, they comprise a solid cathode and anode, with a liquid electrolyte solution connecting the two.

These batteries have worked wonders for years. But, due to the physical constraints of dealing with a liquid electrolyte, they are now reaching their limit in terms of energy cell density – which basically means that if we want our phones, watches, and electric cars to last longer and charge faster, *we need a fundamentally different battery.*

Insert the solid-state battery.

With solid-state batteries, the name pretty much says it all. Take the liquid electrolyte solution in conventional batteries. Compress it into a solid. Create a small, hyper-compact solid battery that – because it has zero wasted space – lasts *far* longer and charges *far* faster.

Of course, the implications of solid-state battery chemistry are *huge*.

Solid-state batteries could be the key to making our phones sustain power for days... enabling our smartwatches to fully charge in seconds... and allowing electric cars to drive for thousands of miles without needing to recharge.

But making solid-state batteries is a complex and costly science – and no one has figured out how to affordably or sustainably do it.

Until now.

In today's edition of *The Daily 10X*, we will tell you about one emerging battery tech company that is leveraging its novel and breakthrough technology to turn the promising theory of solid-state batteries, into an explosive reality.

The Best Pure-Play on Solid-State Batteries in EVs

Special purpose acquisition companies (SPACs) have been all the hype recently, so it's only appropriate that our stock of the day is going public via a SPAC.

Readers, meet QuantumScape (QS), a solid-state lithium EV battery maker that is going public through a \$3.3 billion merger with blank check company Kensington Capital Acquisition (KCAC).

For all intents and purpose, QuantumScape is the highest quality pure-play on the solid-state EV battery megatrend.

The bull thesis really boils down to three things.

First, QuantumScape has the best technology in the solid-state battery game.

Specifically, adoption of solid-state batteries has been essentially non-existent to-date for two big reasons: they are exceptionally expensive to make, and they tend to short-circuit because of something called “dendrites” which form in the solid electrolyte substance over time.

QuantumScape's technology has addressed both of these shortcomings.

The company has employed an anode-less battery cell design which eliminates anode manufacturing costs, and brings QuantumScape's all-in battery costs to *17% lower than* all-in costs for traditional lithium-ion batteries.

Meanwhile, the company's proprietary design includes a ceramic electrolyte with high dendritic resistance – and therefore, QuantumScape's batteries don't have dendrite problems.

Thus, QuantumScape is positioned to create a new class of EV batteries which are cheaper, last longer, and charge faster.

Second, QuantumScape has all the intangibles – a talented management team, big partnerships, and seasoned investors.

The management team – headed by the former founder of Infinera and a Stanford grad – is essentially a handpicked team of the best-of-the-best of Stanford and Berkeley physics grads. Indeed, the company's Chief Scientific Officer is the Chair of Mechanical Engineering at Stanford.

Volkswagen – the world's largest auto maker who is committed to electrifying its vehicle portfolio – has poured *\$100 million* into QuantumScape and is committed to using the company's solid-state batteries in its cars by 2025.

Meanwhile, QuantumScape's list of early investors includes Bill Gates. Yes. *That* Bill Gates.

Third, QuantumScape has tons of cash to execute on its long-haul growth strategy.

Through the SPAC deal, QuantumScape will receive *more than \$1 billion* in cash and funding commitments. Volkswagen also has a lot of cash to throw at the company. So does Bill Gates.

In sum, then, QuantumScape has sufficient resources to not worry about cash burn today and instead focus on the company's long-term goal of becoming a ubiquitous, best-in-breed supplier of solid-state batteries into the EV industry.

If management does execute on that ambitious goal, *the potential upside for QuantumScape stock is enormous*.

QuantumScape plans to sell its batteries in 100 KWh packs, for about \$7,000 per pack, and at about 30% gross margins.

Roughly 60 million new passenger cars will be sold this year. Thanks to population growth and urbanization, that number will grow to 75 million by 2030. Let's say EVs – which comprise less than 5% of total new car sales today – rise to 35% penetration. Let's also say about one-fifth of those EVs feature solid-state batteries, and that QuantumScape leverages superior tech to control about half of the solid-state auto battery market.

The math there implies \$18+ billion in revenues for QuantumScape by 2030, with gross profits of \$5.5+ billion. My numbers suggest that could flow into \$4 billion in net profits.

Based on a 20X multiple, that implies a potential future valuation for the company of \$80 billion.

We sit at a market cap of roughly \$8 billion today.

Yes, it's a moonshot bet on QuantumScape turning the elusive theory of solid-state batteries into a reality – but if anyone is going to do it, it's going to be these guys, and that's enough to put QuantumScape stock on your radar today.

Key Company Details

Company Name	Kensington Capital Acquisition Corp.
Ticker Symbol	KCAC
Share Price	\$17.63
Current Market Value	\$8 Billion
Annual Revenue	N/A
Catalyst	Solid-State Battery Boom

The Streaming TV Revolution Will Unlock Netflix-Like Returns for this Small Company

By Luke Lango September 16, 2020

Back in September 2011, Reed Hastings was soaking in a hot tub with a friend in Santa Cruz.

He was supposed to be celebrating the huge success that his DVD rental business, Netflix, had become – instead, he was coming up with an ostensibly crazy business idea which threatened to destroy his media empire.

Scratch the DVD rental business. Make Netflix a streaming service.

When he told his friend about this new idea, the friend simply retorted, “That is awful.”

But it wasn’t awful. It was anything but...

As we all know, throughout the 2010s, consumers everywhere ditched linear TV, in favor of streaming TV, and Netflix’s streaming service marched its way to global ubiquity with 193 million worldwide subscribers.

Why does any of this matter today?

Because Netflix won’t be the only 1,000%-plus winner from the streaming TV revolution.

Instead, over the next decade, this revolution will accelerate. Streaming TV will be everywhere. All the time. And the hundreds of billions of dollars which flow through the linear TV ecosystem today, will make their way into the streaming TV world.

As all that happens, more streaming TV stocks will follow in Netflix’s footsteps... and rise 1,000%-plus.

In today’s edition of *The Daily 10X*, we will unveil a small ad tech company that could turn into one of this industry’s biggest winners. Indeed, buying this small stock today could be like buying Netflix stock a decade ago.

An Ad Tech Breakthrough Made for Streaming TV

The U.S. linear TV ad market is *huge*.

In 2019, marketers spent about \$71 billion on linear TV ads.

But engagement is rapidly shifting out of the linear channel. And this pivot has reached an important inflection point.

In 2019 – *for the first time ever* – the percentage of streaming TV households in the U.S. (74%) was larger than the percentage of linear TV households (71%). By the end of the year, that delta is expected to widen to 75.5% for streaming TV, and 68% for linear TV.

As we all know, ad dollars follow eyeballs.

Thus, as all these eyeballs leave the streaming TV channel and migrate into the linear TV channel, ad dollars will follow suit... meaning the relatively small

streaming TV ad market – which measured *just \$3.8 billion* in 2019 – is on the cusp of enormous growth to \$20 billion, \$30 billion, \$40+ billion over the next several years.

That's great news for Magnite (MGNI), a \$630 million ad tech company whose breakthrough sell-side video inventory management service is becoming a “must-have” for streaming platforms with ad inventory.

Magnite runs what is called a video management platform, or VMP. The purpose of the VMP is to help streaming platforms maximize the value of their video ad inventory.

How does that happen?

Magnite leverages user and brand analytics to help streaming TV platforms always put the right ad in front of the right customer.

It's basically targeted advertising for streaming TV.

For example, let's say you're watching a show on Hulu. During commercial breaks, without Magnite, Hulu would show you random ads that were in their ecosystem. With Magnite, however, the VMP will programmatically pair you with personalized, targeted ads based on your viewing history and the ad's performance metrics.

It's a breakthrough innovation in the video ad world with big implications.

As tens of billions of ad dollars flow into the streaming TV ecosystem over the next several years, those ad dollars won't just sporadically spread across every streaming service. They will selectively migrate onto platforms with superior ad tech – or platforms that will give advertisers the most bang for their buck.

Platforms powered Magnite will do just that – because by employing personalized, targeted ads, Magnite-powered platforms will increase the effectiveness of each ad dollar spent.

It's no wonder, then, that leading advertising-on-demand (AVOD) platforms like Hulu, Sling, fuboTV, and many more are already tapping Magnite for ad inventory management.

To that end, Magnite already has its foot in door – now, *all the company has to do is wait for the big bucks to roll in*.

Something that will inevitably happen over the next several years...

As all \$70+ billion in the linear TV channel migrates to AVOD platforms...

And Magnite's revenues – which measured just \$42 million last quarter – will soar.

So will profits, since ad tech platforms employ a highly scalable, software-centric business model.

So will Magnite stock.

Are 10X returns really possible?

Considering the depressed market cap (\$630 million) and huge addressable market (\$70+ BILLION), yes... *absolutely... 10X returns are entirely possible.*

So, if you're looking for an explosive streaming TV play that could generate Netflix-like returns over the next few years, Magnite stock could be your answer.

Key Company Details

Company Name	Magnite, Inc.
Ticker Symbol	MGNI
Share Price	\$5.68
Current Market Value	\$630 Million
Annual Revenue	\$165 Million
Catalyst	Streaming TV Megatrend

Score 20X Gains in the Self-Driving Boom With This Small Tech Stock

By Luke Lango September 17, 2020

LiDAR or camera?

Anyone who knows anything about self-driving will tell you that this is the trillion-dollar question in autonomous driving.

The key to unlocking full autonomy is to enable cars to have complete “*vision*” – or, more specifically, give them a human-like ability to see and respond to their surroundings.

Ideally, you want to do this with built-in cameras, since cameras are space and cost efficient.

But computer vision has significant limitations, so it has become commonplace across the AV space to equip cars with add-on, laser light perception sensors called LiDAR which – while less space-efficient and more costly – are presently a *much more robust solution* for 3D sensing/perception than cameras.

Some say that computer vision technology will make significant enough advances over the next few years to make LiDAR sensors antiquated.

Elon Musk is one of those people...

But many more say that computer vision (CV) technology will never be perfect, and therefore, *LiDAR sensors will always be necessary*.

For years, I agreed with Elon.

Then, at a New Year’s Eve party last year, I met Austin Russell – the 25-year-old boy-genius who used a \$100,000 investment from Peter Thiel (Facebook’s first investor) to drop out of Stanford and run Luminar Technologies, which is now the world’s leading LiDAR company.

We chatted for an hour. But it was within the first minute that he convinced me that LiDAR was the future.

“Let’s say CV does advance so that cameras are 99.9% accurate,” Russell said to me. “They’re still 0.1% inaccurate. That’s 1 out of 1,000. *Imagine if 1 out of 1,000 planes just fell out of the sky because of bad technology.* That would be considered absolutely unacceptable, and the underlying tech would need to be upgraded.”

He’s right. Regardless of how good CV gets, so long as it remains imperfect – which it will, forever – LiDAR will always be deemed a necessary complement in self-driving stacks to ensure passenger safety.

From that moment on, I told myself – it’s time to buy LiDAR stocks.

And... as it turns out... nine months later, Russell's company – Luminar – is going public.

In today's edition of *The Daily 10X*, we are going to tell you about this exciting LiDAR pioneer, and show you why – over the next decade – this freshly public stock could rise by *as much as 20X*.

The World's Best LiDAR Company is Ready for Breakneck Growth

Following in the footsteps of Virgin Galactic, DraftKings, and Nikola, Luminar is going public in the fourth quarter of 2020 through a SPAC merger with blank-check company Gores Metropoulous (GMHI).

The merger values Luminar at \$3.4 billion, and the stock will – upon closing – trade on the Nasdaq under the ticker symbol LAZR.

Buying Luminar stock today, ahead of the company officially going public, could be the *smartest thing you ever do*.

Luminar is the best independent LiDAR company in the world.

The company has leveraged multiple technological breakthrough innovations to develop the industry's best LiDAR sensors – and it's not even close.

Luminar's sensors feature max resolution of 300 PD (pixels/degree) and 250 meter range. All other independent LiDAR sensors in the world have a max resolution of less than 100 PD, and a range of less than 150 meters.

In essence, then, *Luminar has built the industry's only viable long-range LiDAR*.

To that end, Luminar's LiDAR is also the only sensor in market that broadly meets *ALL* automobile manufacturer system requirements for perception tech, including:

1. Long range: 250 meter range
2. High resolution: 300 PD resolution
3. Weather resilience: >200 meter range in rain and snow
4. Zero interference: zero sunlight/LiDAR interference

On top of all that, Luminar has purpose-built a proprietary perception software to unlock the full potential of its hardware sensors, and create a full, end-to-end autonomy stack that gives automobile OEMs an all-in-one AV solution.

It should be no surprise, then, that Luminar has leveraged its best-in-breed technology to score tons of auto industry partnerships.

Seven of the top 10 passenger car OEMs have partnered with Luminar, while most major programs in trucking and robo-taxi have done the same.

Altogether, Luminar has 50 commercial partnerships which represent 75% of the global passenger vehicle, trucking, and robo-taxi ecosystem.

Many of these partnerships are in advance stages.

Two of them – one with Volvo and another with an unnamed customer – are in the series production phase. Indeed, Volvo projects to start producing semi-autonomous passenger cars with built-in Luminar LiDAR in 2022.

So begins Luminar's march to potentially becoming a \$75 BILLION company.

Current estimates peg semi-autonomous and fully autonomous vehicle sales at 70 million by 2030, representing near 100% penetration in those markets.

Luminar's order book with Volvo implies that the company will nab ~1% of this market by 2025. Management is targeting 4% penetration by 2030. I think, given the company's tech advantages, 5% market share is more likely.

That implies about 3.5 million Luminar LiDAR-integrated cars in 2030. At ~2 sensors per car, that equates to ~7 million sensors. Luminar's financials imply average unit revenue of ~\$1,000 per sensor, for total revenue by 2030 of \$7 billion.

This is a capital-light, high-margin business, with management targeting 50%-plus EBITDA margins by 2030. That implies \$3.5+ billion in EBITDA, which my numbers suggest could flow into \$3 billion in net profits.

Auto parts suppliers typically fetch a 15X earnings multiple. But Luminar also has a software component, and those companies typically fetch a 35X multiple. A 50/50 mix there implies a fair exit multiple for Luminar of 25X.

A 25X multiple on \$3 billion in net profits implies a potential future market cap for Luminar of \$75 billion... *up ~20X* from the \$3.4 billion SPAC merger valuation.

That's enough upside that Luminar stock may turn into the stock market's biggest single winner in the 2020s... and it is certainly enough upside to consider taking a position in Luminar stock today.

Key Company Details

Company Name	Gores Metropoulos, Inc.
Ticker Symbol	GMHI
Share Price	\$12.58
Current Market Value	\$3.4 Billion
Annual Revenue	N/A
Catalyst	Autonomous Driving Megatrend

A Megatrend Like No Other Will Spark Explosive Growth in This Small Stock

By Luke Lango September 18, 2020

What good is a car without a gas station?

Not much good at all. In fact, a car is pretty much useless as a means of transportation, unless it has fuel. Fuel comes from gas stations. No gas stations. No need for cars.

By that same token, what good is an electric vehicle (EV) without a charging station?

Not much good, either. An EV runs on electric charge. If that charge runs up – and there’s nowhere to refill the charge – then the EV won’t go anywhere. No charging stations. No need for EVs.

From this perspective, the EV megatrend that everyone is gushing about – you know, the one wherein everyone and their best friend buys a Tesla or some other electric car over the next decade – won’t come to be unless an equally large growth spurt materializes in EV charging infrastructure.

And that’s exactly what will happen...

Over the next decade, the number of EV charging stations globally will explode from a few thousand, to a few MILLION, alongside rising consumer demand for electric cars. As that happens, relatively tiny EV charging companies, will turn into *global charging giants*.

In today's edition of *The Daily 10X*, we will show you how to invest in the booming EV charging industry. It is, of course, by buying a small-cap EV charging company with multi-bagger upside potential.

An Overlooked “Picks-and-Shovels” Play with HUGE Upside Potential

Longtime readers know all about “picks-and-shovels” investments.

Back in 1849, during the California Gold Rush, thousands of prospectors rushed to the West Coast in search of gold. Few found any. Most ended up broke. But the suppliers who sold picks, shovels, and other essentials to the prospectors were hugely successful.

The implication? The best way to strike gold in a booming megatrend is to invest in the industry's suppliers – the picks-and-shovels sellers.

In the world of EVs, the pure picks-and-shovels play is charging company Blink (BLNK).

Much like the gold miners of the 1800s couldn't mine without picks and shovels, EVs of the 2020s can't operate without charging stations.

Blink is one of America's largest owners, operators, and providers of EV charging stations and services. As of late 2019, the \$200 million company had 5,600 commercial EV charging stations across 40 states, nearly 9,000 more residential charging stations, and was the second largest EV charging company in the U.S.

Consider those numbers in context. Blink is America's second largest charging company, with *just* 15,000 charging stations. That's because there's only about 75,000 charging stations in America.

By comparison, there are 1.2 MILLION gas station pumps in America – *sixteen-fold* the number of charging stations.

Clearly, if EVs really are the future of automobile transportation (spoiler alert: they are), then the number of charging stations in the U.S. is going to explode higher over the next decade.

At the center of all that growth will be Blink.

Blink isn't the only charging station company in the world. Instead, it's one of about four major players in the charging station market. And being in the "Top Four" is all the company needs to be enormously successful.

Just look at the U.S. gas station market. It isn't dominated by one player. You have Exxon Mobil, Shell, and Chevron. Even Costco and Kroger are in the gas game.

In other words, *the gas station market isn't a winner-take-all market.*

The EV charging market won't be one, either. It will shape out very similarly. You'll have a few major players, each of which will own hundreds of thousands of charging stations.

Blink will be one of those companies. Both because Blink is one of those companies today, and because the company offers an end-to-end hardware and software EV charging solution which is widely considered to be one of, if not *the*, best solution(s) in the market.

What is Exxon's market cap? \$150 billion. What is Chevron's market cap? \$140 billion.

Tiny, \$200 million Blink won't ever get *that* big.

But... those huge market caps do speak to just how big Blink's growth opportunity is over the next decade, as this company turns into the fuel backbone of modern automobile transportation.

Big picture: a boom in EV car demand will spark a boom in EV charging infrastructure expansion over the next decade. That expansion will send tiny Blink stock soaring.

So, if you're looking to play the EV megatrend with a potentially explosive small-cap stock, consider taking a position in Blink stock today.

Key Company Details

Company Name	Blink Charging Co.
Ticker Symbol	BLNK
Share Price	\$6.06
Current Market Value	\$212 Million

Annual Revenue	\$4 Million
Catalyst	Electric Vehicle Megatrend

Weekly Update: Addressing All Those Dot-Com Bubble Concerns

By Luke Lango September 19, 2020

Stocks had a decent week. There were some up days. Some down days.

But they ended the week on a sour note, in part because Barclays downgraded all large-cap tech stocks on Friday, saying that *valuations in the sector are at a height not seen since the Dot-Com Bubble*.

This is the hundredth time I've seen either market pros or casual investors compare the 2020 run-up in tech stocks to the surge they had in the late 1990s.

Amid all this chatter, let's set one thing straight: the current tech stock environment is nothing like the Dot-Com Bubble.

Nothing.

The valuations are not comparable. In 2000, the Information Technology sector was trading at 50-times forward earnings, which is 80% above where the sector's forward earnings multiple sits today (around 28).

The fundamentals are not comparable. Back in 2000, tech companies were barely making any money, and had scant profit margins (below 10%). Today, tech companies are making all the money, and have huge profit margins (above 20%).

The backdrop is not comparable. The effective Federal Funds rate in 2000 was 6.5% and climbing. Today, rates are at zero... and will stay at zero until 2023, at least.

Most importantly, the companies themselves are not comparable. Back in 2000, the companies that investors were hyping up to change the world – like Pets.com and eToys – had zero chance of actually changing the world. The companies that investors are hyping up to change the world today – like Shopify, Square, Roku, and The Trade Desk – are *already changing the world*, and have billions of dollars in revenue to prove it.

So... no... this is not the Dot-Com Bubble 2.0.

Perhaps that's why only large cap tech stocks got hit hard this week. Many of our small-cap stocks actually had a great week.

The discrepancy, of course, can be explained by the reality that investors aren't broadly losing faith in the technology sector – rather, they are just doing some profit-taking on big names that have had big runs.

That's it.

So... don't stress recent weakness. Gradually roll into the dip. And continue to look for explosive opportunities in the small-cap world.

With that in mind, let's dive into this edition of *The Daily 10X* Weekly Update, and break down some *DTX* stocks that have staged big moves over the past few weeks.

Digital Turbine (APPS) Continues to Soar

Back on [June 8](#), we told you that tiny tech marketing firm Digital Turbine was set to be the “next big thing” in the mobile boom, as the company pioneered a genius, novel business model that is basically targeted advertising for mobile phone app downloads and installs.

Since then, Digital Turbine has indeed turned into the “next big thing.”

Digital Turbine stock is *up a whopping 225%* since then, with a healthy chunk of those gains coming over the past week.

The catalyst?

The company reported blockbuster first quarter numbers in early August, and ever since, the company has gained more and more exposure, which has led to more and more investors bidding up this small-cap stock with huge long-term potential.

This rally is far from over.

At current levels, Digital Turbine is still just a \$2.8 billion company. We think the company has visible runway to a near *\$20 billion* valuation over the next few years.

Needless to say, that probably means Digital Turbine stock is worth sticking with here and now.

Unity (UBX) Tanks on Disappointing Clinical Results

In our [July 21 issue](#), we told you about a small biotech company by the name of Unity Biotechnology which had huge long-term upside potential because it was developing a class of breakthrough medicines that – by killing senescent cells in older folks – attempted to reverse the effects of aging.

But UBX stock has tanked ever since then, because its leading drug candidate in this space – UBX 0101, which was geared towards treating osteoarthritis – reported really disappointing Phase 2 clinical results.

Specifically, UBX 0101 was given to patients with moderate-to-severe painful osteoarthritis in the knee. After 12 weeks, the treatment showed no statistical difference from the placebo (i.e. it didn't work, *at all*).

Unity discontinued UBX 0101 for the treatment of osteoarthritis, and Unity stock tanked.

The company has since slashed its workforce by 30%, and tried to reassure investors that the company still has its ophthalmology treatment – UBX 1325 – in the pipeline.

But after the UBX 0101 flop, there is little reason to believe that UBX 1325 will be a hit.

So, we believe it's best to move to the sidelines on Unity stock here. The data simply does not support the bull thesis anymore.

Crocs (CROX) Momentum Keeps Building

You probably thought we were crazy when – in our [June 11 issue](#) – we said that “ugly” sandal maker Crocs was the next big thing in footwear.

But since then, Crocs stock has *soared as much as 48%*.

What's going on here?

Well, as we said back on June 11, there is a secular lifestyle pivot underway from form to function, wherein consumers care more about the comfort, price, and durability of a fashion product, than its aesthetic.

In this fashion world of “function over form,” Crocs’ signature clog is the “It” shoe, because they are the quintessence of comfort, durability, and price, over style.

That’s why Crocs has seen its sales soar more than 20% over the past three years.

This momentum isn’t slowing down. *At all.*

The company just guided Q3 numbers above estimates. Susquehanna just upped its price target on the stock, saying brand momentum is building. Search interest trends related to “Crocs” continue to rise. Traffic to Crocs.com continues to be up big year-over-year.

All signs point to the reality that the Crocs fashion wave... is more than a fleeting trend... and instead, one that will “stick” like athleisure.

To that extent, this big rally in Crocs stock is far from over.

Revive Therapeutics (RVVTF) Scores Impressive Approval

We’re big on the Shroom Boom – and the inevitable legalization and de-stigmatization of psychedelic-inspired medicines for the treatment of anxiety, depression, and addiction – and in our [August 20 issue](#), we highlighted one small-cap stock to play this boom: Revive Therapeutics.

But, the cool thing about Revive stock was that it was simultaneously a play on the Shroom Boom and Covid-19 treatments, since Revive has – in addition to a portfolio of psychedelic-inspired medicines – a potential Covid-19 vaccine treatment, too, called Bucillamine.

This week, Revive won approval from the Institutional Review Board for compassionate use of Bucillamine in the treatment of Covid-19.

In effect, what this approval win does is allow Bucillamine to be used to treat Covid-19 in certain, severe situations.

If it works in those situations, *the sky is the limit* for how widespread this treatment could become, mostly because Covid-19 is still everywhere, and hospitals are still dealing with tons of severe cases every day.

Of course, widespread proliferation of the Bucillamine treatment would be a huge upward catalyst for Revive stock – and that's before any Shroom Boom upside shows up.

Revive stock broadly remains a compelling long-term investment at current levels, with a huge potential near-term upside catalyst on the horizon.

Groupon (GRPN) Turnaround Loses Steam

Potential ten-baggers and turnaround stories have a lot of overlap.

That's why, in our [August 11 issue](#), we highlighted beaten-up daily deals site Groupon.

The company is in the midst of an enormous turnaround centered on fixing the broken business model, selling local services, and gutting the expense base. If management successfully executes this turnaround, we said that *Groupon could turn into the Amazon of local services.*

For a while, things were going as planned, and Groupon stock soared as much as 41% from when we highlighted the stock.

But, over the past two weeks, Groupon stock has given back a big chunk of those gains, mostly because management reported preliminary Q3 numbers that came in below expectations.

Don't stress this recent weakness.

From a big picture perspective, Groupon management appears to be executing very strongly on the turnaround, while below-expected Q3 numbers are a result of a one-time transition from selling directly to employing a third-party marketplace – a transition which will, in the long run, save a lot of money.

Turnarounds are all about a little near-term pain for a lot of long-term gain.

That's exactly what you're getting right now with Groupon.

It's probably best to stick with Groupon stock here. The company's big turnaround still has a ton of *momentum* and *viability*.

In case you missed any of this week's issues, we talked about...

- [Ceragon Networks](#) (CRNT), a wireless backhaul technology leader that is building a new class of next-generation, 5G data superhighways.
- [QuantumScape](#) (KCAC), a solid-state lithium battery maker with a compelling opportunity to lead a once-in-a-lifetime disruption in EV batteries.
- [Magnite](#) (MGNI), a small ad-tech company that – thanks to its leading data-driven ad platform – is an explosive pure-play on the streaming TV ad boom.
- [Luminar](#) (GMHI), an emerging tech company that has built the industry's best long-range LiDAR sensors which will be the building blocks for self-driving cars.
- [Blink Charging](#) (BLNK), an exciting picks-and-shovels play on the EV megatrend that is building out the nation's largest network of charging stations.
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This Up-and-Coming Tech Stock Could Become the Next Amazon as it Disrupts the \$1.5 TRILLION U.S. Auto Market

By Luke Lango September 21, 2020

The year is 1995.

Your newspaper is delivered to your driveway every morning by the paper boy. You write physical letters to your mom to stay in touch.

When you want to shop, you go to a mall. When you want a book, you go to a bookstore. And when you want to buy a new car, you go to the local dealership.

Fast forward to 2020.

Your newspaper is digitally delivered to your inbox every morning (if you even have a subscription). You FaceTime or Zoom your mom to stay in touch.

When you want to shop, you go to Amazon.com. When you want a book, you download an e-book. And when you want to buy a new car... well... *you still go to the local dealership.*

See the problem there?

Every facet of our lives has been dramatically modernized and digitized over the past 25 years.

Except for the car buying process... which remains stuck in the stone age because of antiquated beliefs that you need to physically see and touch a car to really know if you like it.

But Covid-19 is changing these antiquated beliefs.

And over the next decade, the legacy dealership-centric car buying process is going to leapfrog into the modern digital era, fundamentally disrupting the \$1.5 TRILLION auto market in the U.S.

In today's edition of *The Daily 10X*, we will tell you how to play this once-in-a-lifetime disruption, by buying a mid-cap stock that is pioneering a new era of online car buying and selling and could become the Amazon of used cars.

Pioneering Car Buying & Selling into a More Efficient Future

Make no mistake.

We are finally jumping headfirst into a world where consumers buy and sell cars online.

That's great news for a freshly public, up-and-coming \$5.6 billion auto e-commerce company by the name of Vroom (VRM).

Vroom is part of a new class of emerging, all-in-one online marketplaces for researching, discovering, buying, and selling used cars.

These marketplaces are leveraging technology to prove that *we don't need dealerships anymore*.

Need to see the car? Vroom and others provide advanced 3D image rendering to provide robust, granular visualizations of the exterior and interior of every car on their site – and these visualizations are truly on par with seeing the car in person.

Need to inspect for scratches? Vroom and others provide an in-depth visual summary of all scratches, dents, and imperfections on all listed vehicles.

Need to test drive it? After you purchase a car from Vroom, you have seven days to test drive it – and if you don't like the way it drives, you can return the car for a full refund.

Meanwhile, inventory on Vroom is national and measures in the thousands of cars (versus just hundreds for an individual dealership). Vroom's platform is always open (dealerships close at 7pm). And, of course, the platform is built on frictionless e-commerce with contactless doorstep delivery.

In other words, Vroom has created a modern e-commerce platform which *simplifies, streamlines, cheapens, accelerates*, and broadly *improves* the car buying/selling process.

Adoption of this breakthrough process is soaring in 2020 thanks to the Covid-19 pandemic.

In the first half of 2020, Vroom sold nearly 110% more cars online than the company sold in the first half of 2019.

This is really just the beginning for Vroom.

There are over 40 million used cars sold every year. Only 0.9% of those cars are sold online. Meanwhile, about 13% of furniture is sold online, while ~30% of apparel is sold online, and over 40% of consumer electronics are sold online.

Clearly, there is visibility for the auto market to run towards 10%, 20%, 30%-plus online penetration over the next several years as online auto shopping adoption soars in a post-Covid world.

In this soaring market, Vroom will forever remain a very important player... something like the *Amazon of used car buying*... because the company has huge advantages when it comes to vehicle inventory, national distribution, powerful brand equity, and robust data.

The implications of this for Vroom stock are enormous.

If the auto market looks like the home goods market by 2030 (13% online penetration) and Vroom nabs 10% of that online used car market, then my numbers say this will be a \$20 billion company by the end of the decade.

But... if the auto market looks like the apparel/consumer electronics markets by 2030 (30%-plus online penetration) and Vroom again nabs just 10% market share, then my numbers imply a 2030 valuation of \$50 billion.

This is factoring in the U.S. opportunity *only*.

Needless to say, then, Vroom stock has huge long-term upside potential over the next decade as the company pioneers a new era of online car shopping.

It's not too dissimilar from what Amazon did over the past decade.

So... to that extent... if you're looking for the next Amazon, you may have found it in Vroom stock.

Key Company Details

Company Name	Vroom, Inc.
Ticker Symbol	VRM
Share Price	\$46.69
Current Market	\$5.6 Billion

Value

Annual Revenue \$1.3 Billion

Catalyst Online Car Shopping
Shift

An Explosive, Undervalued Small Stock to Play the Solar Energy Breakout

By Luke Lango September 22, 2020

Remember the story of the boy who cried wolf?

A shepherd boy – tasked with taking care of the sheep in his village – cried “wolf” so many times simply to get attention, that when a wolf finally did show up and the boy cried “wolf,” none of the villagers showed up.

To many market observers, the solar industry feels a lot like the boy who cried wolf.

Bulls have been pounding on the table about a solar energy breakout for years... and yet solar stocks went absolutely nowhere from 2010 to 2019.

But, in 2020, the wolf has shown up for the solar industry – *and unlike the villagers in the story, investors are showing up, too.*

Year-to-date, the Invesco Solar Portfolio ETF has rocketed 85% higher, breaking out to levels not seen since mid-2011, amid a surge in global solar energy demand before and even during the Covid-19 pandemic.

This is not a head fake.

The stars have finally aligned for the solar energy megatrend to come to life, and over the next decade, solar power will become globally ubiquitous, powering everything from your home to your office, thanks to:

- *Government support* (almost every country in the world has a “100% clean energy” target for 2030, 2040, or 2050)
- *Falling costs* (solar energy costs have dropped 70% over the past 10 years to reach near grid parity)
- *Improving technology* (26% of solar systems will be paired with energy storage capability by 2025, versus just 4% in 2019)
- *Rising consumer demand* (46% of U.S. homeowners are seriously thinking about adding solar panels to their homes, up from 40% in 2016)

Needless to say, this is a space you want be invested in right now.

In today’s edition of *The Daily 10X*, we will tell you how to invest in this megatrend – not by buying one of the large-cap stocks that will move higher with a rising tide. Rather, by buying one of the smaller names in the solar energy space that could *explode 10X higher* by 2030.

Executing a Promising Turnaround to Drive 1,000% Gains

For years, Jinko Solar (JKS) has been written off as just another low-end, commoditized Chinese solar module manufacturer... in a crowded and struggling solar energy market... with a marginally profitable business model and cyclical, volatile demand.

Indeed, that’s what Jinko Solar was for the most of the 2010s.

And it’s why this company – which did \$4.3 billion in sales last year – has a market cap of just \$1.2 billion.

But everything is changing for Jinko Solar today.

First, Jinko Solar has pivoted from making cheap, low-efficiency multicrystalline solar modules (56% of shipments in 2018), to making premium, high-end monocrystalline solar modules (99% of projected shipments in 2020).

More than that, Jinko has become a best-in-breed supplier of these premium solar modules, recently reporting a record-high 24.8% energy conversion efficiency for one of its monocrystalline silicon solar cells (typical efficiencies for these cells average around 20%).

In so doing, Jinko has emerged as a differentiated leader in the premium solar cell world, with an efficiency moat and sufficient technological competitive advantages to ensure stable and strong long-term demand.

Second, Jinko Solar has leaned into its cheap China-centric and technologically advanced manufacturing process to sell these top-notch solar panels at market-low prices.

Jinko's signature line of Tiger Pro Monofacial solar panels carry a levelized cost of energy (LCOE) of 2.8 cents per kilowatt hour, versus 3 cents standard for monocrystalline solar cells and 12 cents average for all U.S. electricity – so, indeed, *Jinko is on the cutting edge of leading the solar energy space to grid parity.*

Third, Jinko's monocrystalline pivot has dramatically improved the company's profitability profile.

No longer is this a sub-15% gross margin company with skimpy operating margins. Now, gross margins are near 20% and operating margins are above 5%.

Importantly, there's tons of room for further expansion towards 25-30% gross margins and 10%-plus operating margins, which are standard for high-quality solar cell producers.

Fourth, the solar energy market is booming.

Because the market is now being driven by economics and not subsidies – i.e. solar cells are now cheap enough to be an economic alternative to traditional energy, and supply is abundant – consumer adoption of solar is picking up.

In the first quarter of 2020, the U.S. solar market installed 3.6 GW of solar PV, the largest Q2 on record *by about 40%*. For all of 2020, solar PV installations are expected to surge by 33%.

In sum, then, Jinko has – over the past few quarters – turned into a leading and differentiated premium solar cell manufacturer, with strong margins and steady demand, in a booming solar cell market.

That's a recipe for success.

Especially with Jinko stock trading at *just 0.2X* sales.

Could Jinko's revenues rise to \$10 billion within the next decade? Considering the International Renewable Energy Association forecasts global solar PV installed capacity to grow by 200% from ~93 GW per year in the late 2010s, to 300 GW per year by 2030, then *absolutely* – Jinko's revenues could rise ~100% by 2030.

Could Jinko stock start to trade at a more reasonable 1X sales multiple? Also, *yes*, because the company is transforming into a financially more stable business with better margins and cash flows.

The math there implies that this is a \$10+ BILLION company in the making.

Which, of course, means that Jinko stock has 10X upside potential in the long run – making it a stock that you should consider to play the solar energy breakout of the 2020s.

Key Company Details

Company Name	JinkoSolar Holding Co., Ltd.
Ticker Symbol	JKS
Share Price	\$24.50
Current Market Value	\$1.2 Billion
Annual Revenue	\$4.3 Billion
Catalyst	Solar Energy Megatrend

Unlock Huge Gains with this Picks-and-Shovels Pure Play for the Cannabis Gold Rush

By Luke Lango September 23, 2020

We are on the cusp of a cannabis gold rush in the U.S.

It's not a matter of if – *just when*.

Perception is shifting.

Two-thirds of Americans support marijuana legalization today, according to a Pew Research poll, up from a third about a decade ago.

Demand is shifting.

According to student surveys from Monitor the Future, more U.S. high school students smoke weed on a daily basis than drink alcohol on a daily basis – and it's not even close (6.4% to 1.7% among seniors), with the gap widening at an accelerating pace.

Laws are shifting.

Already 11 states plus Washington D.C. have fully legalized cannabis. Many more have legalized medical marijuana. Only 8 states representing less than 10% of the U.S. population have laws which strictly prohibit all cannabis – and many of those states were on track to strike those antiquated laws in 2020 before Covid-19 halted legislative meetings.

In other words, the writing is on the wall here.

Thanks to shifting perception, demand and laws, nationwide legalization of cannabis in the U.S. is coming soon – and when it does, *it will spark a cannabis gold rush like we've never seen before*.

Well... we have actually seen it before... back in 1849... during the actual Gold Rush.

Longtime readers know that during the original Gold Rush, it wasn't the guys mining for gold which struck it rich – it was the people selling the picks and shovels to those miners who made out like bandits.

Same will be true in the cannabis gold rush...

In today's edition of *The Daily 10X*, we will tell you about a red-hot small-cap stock that is optimally positioned as a “picks-and-shovels” pure-play on the U.S. cannabis gold rush – and which could unlock huge gains over the next five-plus years.

A Go-To Convenience Store for Cannabis Growers

Back in 1849, fortunes were made selling picks and shovels to gold miners in California.

In the 2020s, fortunes will be made selling hydroponic and gardening equipment supplies to cannabis growers in the U.S.

But the hydroponics market today is not ready to supply what will be enormous cannabis growing demand over the next five to ten years.

There are only about 1,000 hydroponics stores in the U.S. The market is highly fragmented. There are no big brands. There's zero consistency across markets. And online and omni-channel capabilities are limited.

Insert GrowGeneration (GRWG) – a \$780 million specialty hydroponics retail chain that is trying to *consolidate, optimize, and modernize* the cannabis growing supplies market.

Founded in 2014 in Colorado, GrowGeneration started out with a simple mission: turn into a modern, go-to convenience store for cannabis growers, where they can get everything from nutrients, to containers, to lighting.

The company has executed strongly against that mission over the past few years, growing its store base to 28 stores across 10 states today, and powering 470% sales growth from 2017 to 2019.

This growth trajectory is only accelerating. In 2020, GrowGeneration projects to grow revenues by *another 120%* to \$185 million.

GrowGeneration isn't powering all this growth by just randomly opening hydroponics stores across the country.

Management is being very strategic about expansion.

They are only opening stores in advanced, developed cannabis markets – like California, Colorado, and Michigan – so as to sustain strong unit volumes and margins...

It's working. Same store sales rose 49% last quarter. Store-level operating margins were up nearly 200 basis points.

Management is also building out a robust e-commerce platform at GrowGen.Pro, and adding omni-channel capabilities to each store, so as to ensure unmatched shopper convenience...

That's working, too. Online sales rose 149% last quarter.

And management is building out a private-label brand – Sunleaves, which launched in late 2019 – so as to create product and inventory consistency across markets, and improve margins...

You guessed it. This is working, *too*. Less than a year old, the Sunleaves brand is already doing about \$100,000 in sales per month.

In other words, GrowGeneration is in the early stages of building the perfect convenience store for cannabis growers, complete with *wide reach, multiple sales channels, and tons of recognizable product*.

If management can successfully scale this into a national brand, the potential upside in GrowGeneration stock is enormous.

We have a \$780 million company today. Assuming the company can grow to ~200 stores by the end of the decade, maintain solid unit volumes, and expand profit margins thanks to private-label sales, my numbers say this could easily be a \$1.4 billion revenue business with 15%+ EBITDA margins and \$175 million in net profits.

Home improvement retail stocks typically trade around 20X forward earnings. A 20X multiple on \$175 million implies a potential future valuation for GrowGeneration of \$3.5 BILLION.

And it doesn't include any expansion into Canada or overseas – which could easily double or triple the size of the business.

To that end, GrowGeneration is a compelling “picks-and-shovels” pure-play on the cannabis gold rush – with explosive enough upside potential that you may want to consider taking a position in GrowGeneration stock today.

Key Company Details

Company Name	GrowGeneration Corp.
Ticker Symbol	GRWG
Share Price	\$15.97
Current Market Value	\$780 Million
Annual Revenue	\$124 Million
Catalyst	Cannabis Gold Rush

**Eliminate RF Interference – and
Supercharge Your Portfolio – With This
Up-and-Coming 5G Stock**

By Luke Lango September 24, 2020

Interference is *never a good thing*.

In football, passing interference is a big penalty which can cost your team the game.

In basketball, basket interference results in two points for the other team.

In psychology, interference refers to a memory phenomenon wherein certain memories “block” one another, resulting in memory loss.

When it comes to radiofrequency (RF) waves – you know, the stuff that powers our phones, computers, smart cars, and other IoT devices – *interference doesn't magically become a good thing*.

It's still bad. Really bad.

RF interference can result in dropped calls, slow page load times, incorrect smart navigation, and much, *much* more.

In essence, RF interference is the bane of a smooth, efficient wireless connection.

In order to minimize RF interference, the telecommunications industry has developed RF filters which drown out interference and capture only the relevant RF waves to that specific device.

Without these filters, *none of our wireless tech would work*. Not smartphones. Not smartwatches. Not smart cars. Nothing.

But... the current RF filters in the market... the ones made mostly by Broadcom, Qorvo, and Skyworks... are ill-equipped to meet the frequency needs of 5G coverage.

That is, 5G will transfer data at much higher frequency waves than 3G/4G/LTE, and incumbent RF filters cannot filter out RF interference at such high frequencies.

The result is that – over the next few years as 5G coverage becomes globally standard – there will be an enormous upgrade cycle in the \$13+ billion RF filter market to more advanced, 5G-equipped filters.

Of course, such an enormous upgrade cycle leaves the door open for this oligopolistic RF filter market to be massively disrupted by new entrants.

In today's edition of *The Daily 10X*, we will tell you about one of these new market entrants, who – thanks to a patented technology breakthrough in higher frequency filtering – could see its stock price soar 10-fold amid the 5G boom.

Pioneering a Breakthrough Solution to Disrupt the RF Filtering Oligopoly

The RF filtering market is the textbook definition of an oligopoly.

You have Broadcom, Qorvo, Skyworks... *and that's about it.*

Together, those three companies comprise more than 95% of this \$13 billion and growing market.

Small-cap Akoustis Technologies (AKTS) hopes to disrupt this oligopoly in a meaningful way over the next few years as it pioneers a novel technology which it believes is the optimal solution for 5G RF filtering.

The aforementioned “Big 3” are really good at creating RF filters for lower frequencies.

But, because they all build their filters on top of polycrystalline technology (i.e. they use multiple crystals to create their filters), these filters have size and performance limitations (they can only get so small, and therefore, can only get so good at filtering out higher frequency waves).

Akoustis, on the flip-side, has built an RF filter on top of *single-crystal technology*, which means these filters are super small (they are 260X smaller than incumbent filters) and provide better performance acoustic properties at higher frequencies (which is, of course, necessary for 5G, since it is built on super-high frequency waves).

To that end, Akoustis has created a breakthrough, “smaller is better” RF filter that is built for tomorrow's 5G dominated world.

Of equal importance, Akoustis has a *deep patent portfolio* (32 patents and 69 patent filings pending) which covers the entire vertical production process of these breakthrough filters, from platform substrate construction all the way to system delivery.

To be sure, the Akoustis story to-date has been characterized by all hype, no substance. Management has been promising delivery of this breakthrough RF filter for several years. It hasn't happened, and last year, revenues were less than \$2 million.

But...

That's all changing today.

Because Akoustis has finally delivered this breakthrough RF filter.

Customers are ordering (the company has scored three 5G network infrastructure design wins with a Tier-1 OEM).

Manufacturing capacity is ramping (management expects the company's New York fab to be pumping out hundreds of millions of RF filters by this time next year).

And the 5G future Akoustis has been saying it will thrive in, is finally and quickly becoming a reality.

As it does, Akoustis will start to sell a lot of RF filters.

How many?

Well, the \$13 billion RF filter market is projected to rise towards \$18+ billion over the next few years. It will likely eclipse \$25 billion by 2025. If Akoustis nabs just 2% of that market, you're talking \$500 million in revenues.

Qorvo operates at 40% gross margins and 15-20% operating margins. At scale, Akoustis will land around those levels, too, implying somewhere around \$90+ million in operating profits.

My numbers suggest that will flow into \$75 million in net profits. A 20X multiple on that implies a \$1.5 billion valuation for Akoustis by 2024, *up 5X from today's levels*.

Boost it to 5% market share, and the same math gets you to a \$3.5 billion valuation, up 12X.

Either way, there's huge upside potential in Akoustis stock as the company disrupts the RF filter oligopoly over the next few years – and that means this stock should be on your buy radar today.

Key Company Details

Company Name	Akoustis Technologies, Inc.
Ticker Symbol	AKTS
Share Price	\$7.99

Current Market Value	\$320 Million
Annual Revenue	\$2 Million
Catalyst	5G Revolution

This Small Intelligence Economy Pioneer Could Turn into the Next Splunk

By Luke Lango September 25, 2020

Over the past decade, multiple mini “economies” have emerged as technology has redefined the way we do things.

The *sharing economy* with Uber and Lyft. The *passion economy* with YouTube and Patreon. The *cloud economy* with Amazon Web Services and Microsoft Azure. The *influencer economy* with Instagram.

But one economy trumps them all, mostly because it’s the only economy which is relevant to everyone in business: The Intelligence Economy.

Thanks to an explosion in the volume of data a business generates every day from customer transactions, feedback surveys, social media impressions, so and so forth – as well as dramatic advancements in our ability to process and understand that data – there has been a massive pivot in enterprises towards intelligent, data-driven decision making.

That’s the Intelligence Economy.

An economy defined by businesses gathering data, analyzing that data, and making smarter, better business decisions because of that data.

Of course, turning data into insights isn’t easy – and the emergence of the Intelligence Economy has sparked a surge in demand for services and tools which help companies do just that.

Case-in-point: Splunk. The data analytics company was worth less than \$3 billion back in 2013. Today, it's a \$30 billion company – meaning an investment in Splunk back in 2013 would've scored you 10X returns.

And guess what? We may have found the next Splunk – at a time when the Intelligence Economy is really just starting to take off.

In today's edition of *The Daily 10X*, we will tell you about one small, emerging data analytics company that is positioned to be the next Splunk – and which could, much like Splunk did over past few years, rise by as much as 10X in the 2020s as the Intelligence Economy enters a new era of accelerated growth.

The “Economic” Machine Data Analytics Platform Purpose-Built for Everyone

New to Wall Street and at the heart of the Intelligence Economy with a compelling solution, \$2.8 billion machine data analytics company Sumo Logic (SUMO) is a name you will be hearing a lot of over the next 5 to 10 years.

Sumo Logic has created a robust, end-to-end enterprise software platform which aggregates and unifies all of a company's machine data into one place, so that the data can be easily monitored, transferred, edited, and analyzed.

It's one foundational data hub with many value-additive applications across the enterprise.

For example:

- Nintendo uses Sumo Logic to boost cybersecurity. With Sumo Logic, Nintendo aggregates all user security data onto one platform, programmatically tracks that data, identifies cybersecurity threats by noting anomalies in the data, and automates responses to those threats.
- Netflix uses Sumo Logic to optimize the customer experience. By aggregating, tracking, and managing incident report and system outage data, Netflix leverages SumoLogic to make sure you and I always have a great experience streaming our TV favorite shows.
- Ulta uses Sumo Logic to improve back-end operations and product assortment. The beauty retailer first used Sumo Logic to attain a real-time view of order throughput to manager order volumes, and then pivoted to also using Sumo Logic to dynamically identify hot-selling items and adjust inventory.

Get the point?

Sumo Logic has truly created a one-to-many data analytics platform that has ubiquitous appeal and infinite applications.

This is important because a 2019 New Vantage survey found that *only 31%* of companies today consider themselves “data-driven”... and yet, a 2020 Forrester Consulting Survey found that data-driven organizations are *58% more likely* to beat revenue goals than non-data companies.

In other words, data-driven organizations do better, *but most companies have yet to make the pivot.*

The implication, of course, is that as data-driven organizations widen their lead over non-data counterparts in the 2020s, the laggards will be forced to rush into the Intelligence Economy, creating a surge in demand for data analytics platforms.

Sumo Logic is at the epicenter of that demand surge, with a platform that literally *any company* can use for literally *any purpose*.

Of course, there’s also Splunk, whose data-to-Everything platform offers many of the same benefits as Sumo Logic’s core platform.

But, Splunk is positioned as the more sophisticated, premium offering in the market... with a steeper learning curve, an intimidating UI, and higher per usage prices... whereas Sumo Logic is the budget offering, with an easy-to-use, friendly interface and lower per usage prices.

In that sense, the best way to think of Sumo Logic is as the Toyota of the booming Intelligence Economy, whereas Splunk is the Mercedes or BMW.

News flash: Toyota sells a lot more cars than Mercedes or BMW, because cost is a primary driver of consumer economic decisions.

It’s also a primary driver of enterprise economic decisions.

So... when I see that Splunk has 400 customers with over \$1 million in ARR, \$2.4 billion in revenues, and a \$30 billion market cap... but Sumo Logic has just 29 customers with over \$1 million in ARR, just \$155 million in revenues, and a \$2.8 billion market cap...

I chalk up the discrepancy to one thing – Splunk is seven years older than Sumo Logic – and nothing more.

That’s why I think Sumo Logic’s huge revenue growth rates (revenues rose by 50% in 2019) are here to stay for a lot longer.

Could this company one day reach a Splunk-like valuation of \$30 billion... or even bigger?

Absolutely.

And that's why you should go ahead and put freshly public Sumo Logic stock on your radar today.

Key Company Details

Company Name	Sumo Logic, Inc.
Ticker Symbol	SUMO
Share Price	\$25.60
Current Market Value	\$2.8 Billion
Annual Revenue	\$155 Million
Catalyst	Intelligence Economy Boom

Every Downturn... Ends in an Upturn

By Luke Lango September 26, 2020

During times of market selloffs, it's important to remember that every downturn in the history of the stock market has ultimately ended in an upturn.

The 1987 stock market crash... ended with the S&P 500 gaining 13% in 1988 and 27% in 1989 (*its best annual performance of the 80s*).

The Dot Com Bubble bursting in the early 2000s... ended with the market *rallying nearly 70%* from late 2002 to late 2007.

The Great Financial Crisis of 2008... ended with the market staging its *longest and biggest bull market rally ever* during the 2010s.

And the Covid-19 plunge of 2020... ended with S&P 500 staging its *best 100-day rally of all time*.

Every downturn ends in an upturn.

The current market selloff will prove no different.

To be sure, the 10% plunge in stocks in September 2020 is child's play relative to the Dot Com Bubble bursting or the Great Financial Crisis.

But it's still a selloff. And like every other selloff before it, *it's nothing more than an opportunity buy your favorite long-term winners at a discount*.

That's actually especially true this time around, because from where I sit, there is nothing structurally wrong with the economy or the markets.

Covid-19 cases are spiking, sure, but are you noticing a drop off in consumer mobility or spending?

No. *Because it's not happening*. JP Morgan's weekly credit card data shows that consumer spending has stayed on an upward rebounding trajectory through the first three weeks of September, same as it has since March.

Also, politicians in D.C. are goofing around and haven't put together a stimulus package. That's not great news. But guess what?

It's not a deal-breaker, because the economy is normalizing by itself. We've added 10.6 million jobs since April. The number of Americans with jobs is only 2% below where it was in February. And those Americans have been saving like crazy, with the personal savings rate staying north of 17% every month since April (for comparison, it's hovered around 6% for the past decade).

Meanwhile, rates are at zero (which should juice consumer spending and support elevated stock prices), companies are being exceptionally innovative in terms of adapting to this crisis, and valuations in the market are tangible.

So, no, I'm not worried at all.

This is just a breather after a red-hot rally.

It'll pass. When it does, stocks will roar higher. Tech stocks will roar doubly higher, because that's where all the innovation is happening. Small-cap tech stocks will roar triply higher, because there's all the disruption is happening.

With that in mind, let's dive into this edition of *The Daily 10X Weekly Update*, and break down some *DTX* stocks that have staged big moves over the past few weeks.

iCAD (ICAD) Misses out on Medicare Deal

On [July 8](#), we told you that by pioneering a breakthrough AI-powered mammography analysis tool to improve the accuracy of early-stage breast cancer detection, iCAD was set to disrupt the \$1.2 billion global breast cancer detection market.

Since that issue, ICAD stock *rose as much as 30%* as the company's core platform, ProFound AI, has scored some big distribution deals, won approvals, and reported favorable research data.

But ICAD stock came crashing down this past week, wiping out all of those gains, because the company's core intraoperative radiation therapy (IORT) was *not* included in coverage for the Center for Medicare and Medicaid Services' (CMS) new Radiation Oncology alternative payment model (RO-APM).

That's a big loss for iCAD. The drop in the stock makes sense.

But it's just one deal... and a few days prior, researchers at the Karolinska Institute wrapped up a study with iCAD's technology in which they concluded that, "[t]he ProFound AI Risk model performs better than any other current model" for early-stage breast cancer detection.

In other words, iCAD may have lost out on a big deal, but its underlying technology continues to be validated as a superior, breakthrough solution for cancer detection.

And, to that end, the big picture growth narrative here remains alive – while long-term upside potential in ICAD stock remains enormous.

Blink Charging (BLNK) Goes on a Roller Coaster Ride

In our [September 18 issue](#), we told you that EV charging company Blink Charging offered an explosive picks-and-shovels play on the mass electrification wave of the 2020s.

Since then, Blink stock has been on a roller coaster ride.

Shares *soared as much as 56%* within days on widespread EV optimism, gave back almost all of those gains as a disappointing Battery Day update from Tesla weighed on EV sector sentiment, and has since *roared higher by another 30%* on news that California is banning the sale of new gas-powered cars and trucks by 2035.

Phew... talk about volatility.

But all this volatility will ultimately end with Blink stock charging way higher over the long run (no pun intended).

The electrification of transportation is inevitable, because of shifting demand, improving technology, and growing necessity. As gas-powered cars get swapped out with EVs, gas stations will get swapped out with EV charging stations.

Blink – with its current leading portfolio of EV charging stations – projects as the next Chevron or Exxon.

Forum II Merger Corporation (FMCI) Gets Smacked by a Vote

As big bulls on the rising consumption of vegan and plant-based foods, we told you in our [September 10 issue](#) that blank-check company Forum II Merger Corporation was set to be a big winner because it was on the cusp of acquiring leading frozen plant-based food brand, Tattooed Chef.

But the bull thesis there hinged on one very important detail: *Forum II Merger needed to acquire Tattooed Chef.*

For a few weeks, this looked like a done deal, and Forum II stock rose by about 15%.

Then, last week, the deal came under jeopardy – because shareholders didn't vote.

Long story short, Forum II wants to delay the acquisition of Tattooed Chef by a month in order to make sure everything is in order. Getting approval for that delay requires a shareholder vote. And while shareholders who voted did overwhelmingly approve the extension (99% voted in favor of the extension), only 61% of shareholders actually voted.

Forum II *needs* 65% of the shareholder base to vote in order to move forward with the extension – and the problem is that if Forum II doesn't get to that 65% threshold, the acquisition cannot get delayed, and it may fall through altogether.

Because of this risk, Forum II stock collapsed last week.

But... this risk is overblown... since every shareholder wants to delay the acquisition in order to make it happen... and Forum II only needs about 4% of the shareholder base to vote on the extension over the next week.

That's going to happen.

Once it does, the "M&A fallout" risk will disappear. Forum II stock will rebound. The acquisition of Tattooed Chef will close. And the combined company will turn into a big winner amid the vegan revolution of the 2020s.

Mind Medicine (MMEDF) Starts the Shroom Boom

We've told you about the Shroom Boom before...

The inevitable legalization and de-stigmatization of psychedelic-inspired medicines for the treatment of anxiety, depression, and addiction...

And while we've always looked at the Shroom Boom as a long, *long-term* megatrend, it appears that this megatrend is finally starting to take off – which is why the psychedelics company we told you about [on June 22](#), MindMed, nearly *doubled this past week*.

The party got started on Monday, September 21, when MindMed submitted an application to up-list its shares to the Nasdaq – a big move which would give the company more exposure to investors and greater access to capital.

Then, later in the week, MindMed announced that they are collaborating with the University Hospital Basel's Liechti Lab to study psilocybin ("magic mushrooms") – with the most important part being that MindMed retains exclusive license to all IP and patents related to the study.

Put it all together, and that's how you get an emerging penny stock that basically doubles in a week.

This really is just the beginning of the Shroom Boom... and just the beginning of MindMed as a leading company in the Shroom Boom.

So long-term investors should continue to stick with MindMed stock.

In case you missed any of this week's issues, we talked about...

- [Vroom](#) (VRM), an emerging automobile e-commerce company driving the auto market into the modern digital era.
- [Jinko Solar](#) (JKS), a Chinese solar company flawlessly executing a turnaround that is powering enormous growth at the perfect time.
- [GrowGeneration](#) (GRWG), a hyper-growth hydroponics retail chain that is an explosive picks-and-shovels play on the U.S. cannabis gold rush.
- [Akoustis Technologies](#) (AKTS), a highly technical RF filtering company that could soar amid the 5G infrastructure build-out.
- [SumoLogic](#) (SUMO), a machine data analytics company that is turning into an important driver of the booming Intelligence Economy.

Explosive Gains Ahead for this Small Stock as the Auto Market is Finally Disrupted by the Digital Revolution

By Luke Lango September 28, 2020

Let's play a quick game.

I'm going to give you four numbers. You tell me which one sticks out.

54.9%, 42.7%, 28.9%, and 0.9%.

The answer is obvious.

So obvious that if I told you those four numbers represented various digital penetration rates for different product categories, you would probably tell me that the one with 0.9% online penetration is ripe for huge digital growth.

You'd be 100% right.

54.9% of books are bought online... 42.7% of consumer electronics are bought online... 28.9% of clothes are bought online.

And just 0.9% of used cars are bought online.

For years and years, the auto industry has shunned the digital revolution.

That's changing. Finally. Because of Covid-19, the auto industry is, at last, digitizing.

And folks... as history has taught us... digitization is a one-way street.

Once you digitize, there's no going back, because... well... *because digital is superior to physical in every way.*

It's faster. Cheaper. Easier. More streamlined. Less friction.

And so, over the next decade, you will get a head-to-toe disruption of the \$1.5 TRILLION U.S. auto market, as we leapfrog into the modern era of buying and selling cars online.

Last week, we told you about a mainstream way to play this auto market mass digitization, by buying DTC marketplace Vroom (VRM).

But that's just one in a series of multiple compelling investment opportunities in this megatrend.

In today's edition of *The Daily 10X*, we will tell you about another way to play this enormous disruption. A less obvious way. But a potentially more explosive way, too.

A Digital Marketing Company Built for 21st Century Car Buying

As go eyeballs, so go ad dollars.

This timeless maxim of the marketing industry will ring true in the 2020s for the auto market.

As more and more consumers migrate to researching, discovering, buying, and selling cars online, more and more auto market ad dollars will follow those eyeballs into the online channel, and *the online auto market ad spending pie will dramatically expand.*

That's great news for AutoWeb (AUTO), a small \$45 million digital marketing company that will become an increasingly important part of automotive ad budgets as car shopping moves online.

The AutoWeb business model is pretty simple.

The company owns a portfolio of consumer-facing online car marketplaces and listing sites – AutoBytel.com, Car.com, Usedcars.com, and Usedtrucks.com – all of whom are designed for consumers to browse local new and used vehicle inventory.

Through consumer interactions with those sites, AutoWeb generates online sales leads, which the company turns around and sells to dealers and manufacturers.

This “lead generation” business represents about 80% of AutoWeb's revenues. The other 20% is from AutoWeb selling digital ad real estate and direct marketing opportunities through its websites.

In broad strokes, then, AutoWeb is an online sales lead generator and digital advertiser for the auto industry.

For years, this business model has struggled because consumers didn't buy cars online.

But that's changing now.

And, as it continues to change over the next several years, *the number of prospective buyers browsing local car listings through AutoWeb's websites will grow.*

By a lot.

So will the amount of money auto dealers and OEMs spend on those leads. As well as the amount of money dealers and OEMs spend on digital ads on AutoWeb's websites.

All of this broadly means that AutoWeb's revenues – which have been in a downtrend since 2016 – are on the cusp of staging a huge and sustained turnaround.

At the same time, AutoWeb is reinventing itself.

The company is doubling down on its mobile platforms, and dramatically improving customer conversion rates through its mobile channel, which is pushing up gross margins (*last quarter, AutoWeb reported its highest gross margin since 2016*).

Management is also gutting the expense base and streamlining investments into only the highest return opportunities (*opex dollars presently sit almost 40% off their 2016 peak*).

So... as revenues stage a huge turnaround over the next several years... so will gross margins and profits – which, similarly, have been in a downtrend for several years.

Given these facts, it's no wonder that AutoWeb stock has staged a *huge* turnaround in 2020, rising *60%* year-to-date to its highest levels since early 2018.

But this is still just a \$45 million company...

In an \$18+ billion U.S. automotive digital ad market...

And, if management continues to execute on this compelling turnaround amid a rising sea of auto digital ad spending, I see AutoWeb easily being worth somewhere between \$300 million to \$500 million some day in the not-to-distant future.

That implies *6X* to *10X* upside potential in AutoWeb stock.

So, while AutoWeb is a less obvious and more circuitous way to play the automobile digitization megatrend, it nonetheless offers prospective buyers huge long-term upside potential.

And, for that reason, you should consider taking a position in AutoWeb stock today.

Key Company Details

Company Name	AutoWeb, Inc.
Ticker Symbol	AUTO
Share Price	\$3.46
Current Market Value	\$45 Million
Annual Revenue	\$97 Million
Catalyst	Automobile Digitization Megatrend

This Explosive, Under-the-Radar Stock is Quietly Turning into the Robinhood of China

By Luke Lango September 29, 2020

Most delays are costly.

Flight delays. Appointment delays. Traffic delays.

But, believe it or not, *some delays are profitable.*

And one delay in the stock market which is particularly profitable is the U.S.-Chinese technology delay.

The idea is pretty simple.

The U.S. is consistently on the cutting edge of developing new technologies. China is usually one step behind.

But, because of the great Chinese Firewall, many U.S. technology companies are banned in China, and so... in the wake of a big U.S. technology breakthrough... an *almost identical Chinese technology breakthrough often happens a few months later*.

To that extent, one of the best investment strategies over the past decade has been investing in Chinese technology copycats.

Like Alibaba... *the Amazon of China*... which surged 320% over the past five years.

Or Tencent... *the Facebook of China*... which has soared 1,570% over the past ten years.

Or NIO... *the Tesla of China*... which is up 340% in 2020 alone.

Investing in this “delay” is a tried-and-true strategy which consistently yields big returns.

In today’s edition of *The Daily 10X*, we will tell you about another one of these Chinese technology copycat investments... a small fintech stock that is pioneering a new era of modern investing for Millennials, and which – for all intents and purposes – is turning into the *Robinhood of China*.

A Potential 10X Flyer at the Cross Section of China’s Digital Economy and Burgeoning Young Consumer Class

Fun fact: Robinhood – the commission-free, mobile-first trading app that started out as an innovative way for college kids to trade stocks for free – is now the second most used brokerage in the U.S.

Back in May, Robinhood reported it had 13 million brokerage accounts. Fidelity is far larger than that, at 30.8 million accounts. But the other “big” brokers – Charles Schwab (12.7 million accounts), TD Ameritrade (12 million accounts), and E-Trade (5.5 million accounts) – are all smaller.

The takeaway is clear and simple.

By leaning into a mobile-first, commission-free, social-driven strategy and making trading *accessible, fun, and engaging* to a young generation of investors, *Robinhood has defined the future of investing*.

Unfortunately, you can't buy Robinhood stock. It's not a public company.

But you can buy the next best thing: Futu Holdings (FUTU), a \$4 billion Chinese e-brokerage that is turning into the Robinhood of China.

The Tencent-backed fintech company has blended a mobile-first, social-driven strategy with ultra-low commissions to create an easily accessible, fun, and engaging e-brokerage platform that is perfectly tailored to young Chinese investors.

Importantly, Futu has created this platform at a time when young Chinese consumers born in the era of mobile technology (post-1995) are just starting to earn incomes, and when Chinese retail investor participation in the stock market is rising (from ~7% in 2013 to ~9% in 2017, and presumably 10%-plus today).

In other words, Futu has created the perfect modern digital trading platform at the perfect time in China...

Much like Robinhood has done stateside...

And, also much like Robinhood has done over the past few years, Futu has grown by leaps and bounds since its inception.

The number of paying clients on Futu's platform has risen by *nearly ten-fold* over the past three and a half years, from ~35,000 in 2016, to over 300,000 today.

But, at just 300,000 paying accounts today, Futu is only tapping a tiny, *tiny* portion of its Chinese retail investor opportunity.

After all, there are 1.5 billion people in China... 60% of whom (~900 million) are on the internet... so Futu is tapping into just 0.03% of the addressable internet population in China.

Compare that to Robinhood, who – at 13 million active accounts in a 290 million domestic internet user market – is at 4.5% internet population penetration.

Given that comp, it should be no surprise that Futu's growth narrative isn't slowing down at all. Last quarter, the company's paying client base rose *84% year-over-year*.

It won't slow down anytime soon, either.

Thanks to secular demographic tailwinds and the platform's Robinhood-like value prop, it's easy to see Futu climbing to several million accounts one day.

At the same time, as a fully digitized, end-to-end e-brokerage platform built through the cloud, Futu's business model is *highly scalable* with mostly fixed costs and tiny variable costs – so, for the foreseeable future, revenue growth will meaningfully outpace expense growth, and profit margins will expand.

By a ton.

TD Ameritrade, Charles Schwab and Interactive Brokers all operate around 40% or higher pre-tax profit margins. Futu, today, operates around 20% pre-tax margins, and has high visibility to more than double that to 40%-plus over the next few years.

Putting it all together, Futu should be able to leverage secular investment digitization tailwinds and its highly scalable e-brokerage business model to drive huge revenue growth *and* huge margin expansion throughout the 2020s.

That's a recipe for doubly big profit growth.

And as go profits, so go stocks.

Futu stock will be no exception to this rule.

As the company's net profits soar over the next 5 to 10 years, so will Futu stock.

My numbers indicate a future valuation anywhere between \$20 billion and \$40 billion is totally doable.

So... at a \$4 billion market cap today... Futu stock looks like a compelling long-term investment opportunity... and is unequivocally one you should put on your radar right now.

Key Company Details

Company Name	Futu Holdings Limited
Ticker Symbol	FUTU
Share Price	\$29.96
Current Market Value	\$4.4 Billion

Annual Revenue	N/A
Catalyst	Robinhood of China Opportunity

This Small Stock is an Explosive Play on the Emerging Ghost Kitchen Megatrend

By Luke Lango September 30, 2020

Back in late 2008 – in the midst of the Great Financial Crisis – Travis Kalanick had a brilliant idea.

Lower the cost of transportation, for everyone, by democratizing the taxi industry so that anyone with a car could provide a ride for anyone needing to go somewhere.

And so, *the concept of ride-sharing was born.*

Over the next decade, Kalanick's company – Uber – went from idea to multi-billion-dollar disruptor of the transportation industry.

Today – in the midst of *another enormous financial crisis* – Kalanick has, of course, come up with *another brilliant idea.*

Lower the cost of doing business, for all restaurant owners, by creating a new class of super-small, delivery-only restaurants that eliminate everything but the kitchen.

And so, the concept of ghost kitchens was born – a concept that has taken off amid the Covid-19 pandemic as more and more consumers have leaned into delivery channels, and as more and more restaurant owners have had to tighten their budgets and close stores.

Over the past year, Kalanick's new company – Cloud Kitchen – has raised *more than \$400 million* to help turn this idea into a ubiquitous reality.

Make no mistake. That's exactly what will happen.

Super-small, delivery-only ghost kitchens represent the future of the fast-casual restaurant industry, because they:

- *Better align with shifting demand* (U.S. meal delivery sales have risen ~300% since 2018)
- *Dramatically lower recurring costs* (lower labor costs, lower rent costs, lower decoration costs, etc)
- *Provide significantly more flexibility* (traditional restaurant locations operate on 5+ year leases, whereas ghost kitchens are typically rented out monthly)
- *Allow for more rapid, cost-effective geographic expansion* (traditional restaurants cost upwards of \$250,000 to open, and such openings take several months; ghost kitchens cost about \$20,000 to open and open in less than 90 days)

Thus, over the next decade, ghost kitchens are going to disrupt the several hundred-billion-dollar global food industry, much like ride-sharing has disrupted the several hundred-billion-dollar global transportation industry over the past decade.

In today's edition of *The Daily 10X*, we will tell you about one way to play this emerging fast food megatrend, by buying a micro-cap fast food stock that is leveraging ghost kitchens to execute what is shaping up to be an enormously profitable turnaround.

Using Ghost Kitchens to Turn into a Delivery-Focused Health Food Brand

A tiny fast food company that was on the brink of extinction last year, \$16 million Muscle Maker Grill (GRIL) appears to be on the cusp of a huge ghost-kitchen-powered turnaround that could turn the stock into a multi-bagger during the 2020s.

Here's the story.

Muscle Maker Grill is one of those health-conscious fast food chains that is trying to win by selling affordable, healthy foods in an on-the-go format, with the company's core offerings being protein-rich burgers, sandwiches, wraps, and shakes.

Cool concept. *But management hasn't done a great job of executing over the past few years.*

The menu and brand have grown stale. The food quality has dropped. The stores aren't up-to-date. Revenues – which had been booming earlier in the 2010s – fell nearly 40% from 2017 to 2019. Management was forced to close stores. Losses were piling up.

For all intents and purposes, Muscle Maker Grill looked doomed in late 2019.

Then... in early 2020... management did two big things.

1. They stopped cutting corners and started refreshing the brand. The company has converted two old and stale Muscle Maker Grill locations into new concepts – one a trendy, health-sandwich shop called Healthy Joe's in New York City, and the other a modern healthy burger shop called MMG Burger Bar in Virginia. Per reviews on the internet, customers are raving about both locations.
2. They stopped closing stores and leaned aggressively into low-cost unit expansion with ghost kitchens. Early in the year, management announced intentions to renew unit expansion via ghost kitchens. They have accelerated this initiative as Covid-19 has emerged, with MMG announcing 7 new ghost kitchen locations in Chicago and Philadelphia over the past 30 days alone.

In doing these two things, management is modernizing Muscle Maker Grill, and essentially turning the struggling fast food chain into a more relevant, more efficient, more profitable delivery-focused health food brand.

The numbers speak for themselves. In the first quarter of 2020 – before Covid-19 struck – Muscle Maker Grill's *revenues rose 21% year-over-year*.

Early traction on these turnaround efforts has allowed Muscle Maker Grill to raise \$5.6 million in a follow-on public offering in September. Upon closing of that offering, Muscle Maker Grill will have more cash on hand than the company has had in years.

Management plans to use all that cash to continue to modernize Muscle Maker Grill via... you guessed it... new concept expansion and a ton of ghost kitchen openings.

Now, I'm not saying that this turnaround will end with Muscle Maker Grill turning into the ghost kitchen version of Shake Shack or Chipotle.

No way. MMG would need *a lot* more capital to pull that off.

But I am saying that with these new food concepts, a hyper-focus on ghost kitchens, and ample cash on the balance sheet, Muscle Maker Grill does have a unique opportunity to become a much more profitable restaurant chain with a much broader retail footprint.

After all, Muscle Maker Grill operates just 33 locations today, with 6 locations in New Jersey alone and only 3 locations in California and Florida combined.

Assuming Muscle Maker Grill leans into ghost kitchens to replicate its New Jersey store density across America, then 200+ locations is likely within the next few years. Average restaurant sales should remain strong thanks to the new food concepts. Profit margins should expand meaningfully on the back of lower operating costs for ghost kitchens.

When you connect all the dots, my modeling suggests that Muscle Maker could do about \$5 million in net profits within the next few years.

That may not seem like much.

But restaurant stocks typically trade around 25X forward earnings. A 25X multiple on \$5 million implies a \$125 million market cap for Muscle Maker Grill.

The market cap sits at \$16 million today.

So... Muscle Maker isn't the next big thing... but because shares are so cheap, even mild success with its new ghost kitchen initiative could spark multi-bagger returns in the stock.

And multi-bagger return potential is exactly why Muscle Maker stock should be on your radar today.

Key Company Details

Company Name	Muscle Maker, Inc.
Ticker Symbol	GRIL
Share Price	\$1.38
Current Market Value	\$16 Million
Annual Revenue	\$5 Million
Catalyst	Ghost-Kitchen-Powered Turnaround